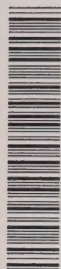


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EDC and the High Stakes of Global Trade

BY ERIC SIEGEL



Eric Siegel,
President & CEO

Photo: Martin Lipman

The presidency of EDC comes with a great opportunity and a great responsibility to contribute directly to the international success of Canadian business. In my first year as President, I have been able to draw attention to the high stakes involved in Canada's trade. What's at stake is quite simply our prosperity and growth as a country. We depend on trade more than any other G-7 country and are facing greater international competition, but also more opportunities than ever.

While I acknowledge the risks, my experience and my nature lead me to focus on the opportunities. The growth and evolution in international trade and EDC's role in it has been staggering, and each year the pace of change accelerates. I believe that EDC's relevance to Canada's exporters and investors in great measure stems from our adherence to commercial principles in fulfilling our mandate to grow Canada's trade. We are as focused on operating as a business as the companies we work with. That discipline enables us to appreciate the challenges of our customers and to translate that understanding into meaningful assistance.

All of Canada's major trade competitors have ECAs (export credit agencies) serving their own exporters. Today there are over 50 ECAs, many in OECD countries, but also in key emerging markets like China, India, Russia, and Brazil. EDC does differ in one very substantive way from many OECD ECAs: our operation

on commercial principles and our requirement to be financially self-sustaining. In many OECD countries, ECAs have taken a more restrictive path as purely lenders or insurers of last resort, their activities making an annual call on their respective taxpayers. It's interesting that the ECAs of the fastest growing emerging markets have followed the commercial model we have ourselves followed at EDC.

Today, there are more than 50 ECAs, many in OECD countries, but also in key emerging markets.

Being commercial doesn't just mean being profitable and financially self-sustaining. It means following the market by understanding and accepting the changing needs of your customers in order to remain relevant to them.

Part of the uniqueness of EDC is the number of companies we interact with. In 2007, EDC worked with roughly 7,000 companies, thousands more than the ECAs of many other OECD countries, and more than 85 per cent of them were small and medium-sized businesses. EDC's relationship with so many Canadian companies is one of our greatest strengths. It's what has enabled us to connect with,

support and open doors for Canadian companies of all sectors and sizes throughout the world.

I believe that EDC makes a very real and positive contribution to our country's success abroad. I also know that opinion isn't always universal. We have our detractors, some of whom would like to see an EDC smaller in reach. I believe that would be a terrible mistake, particularly when Canada's exporters and investors need all the competitive edge they can lever.

Canadian business has proven itself very resilient. But it does need all the capacity for trade financing that the public and the private sectors can together provide. Now is not the time for an academic leap of faith that a lesser, or more restricted EDC would do no harm. The stakes are simply too high.

In 2008, the Government of Canada is undertaking a review of EDC's mandate, and our operational effectiveness. This legislative review, which is scheduled every 10 years, will provide an opportunity for business to actively participate in a process to advise the Government on trade generally, and EDC in particular. These are important issues for Canada's continuing prosperity. I believe they are well worth your interest and your time and I would like to hear your thoughts on EDC's role in Canada's international trade success. Please write to me with your views, and stay tuned for more announcements during 2008 about how you can participate in the EDC legislative review. ■



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EXFiles

Exporting Success Stories

Canadian Organic Maple *Bath, New Brunswick*

BY PAUL BRENT

Maple syrup has been one of Canada's most famous exports for generations. The veteran husband and wife business team of Gus and Sandra Hargrove has been exporting our country's most famous liquid crop for seven years now to those hungry for a taste of Canada in Asia, Germany and the United States.

Virtually the entire output of Canadian Organic Maple Company's 100,000 taps is exported outside the country's border "We are trying to sell the Great White North and a pure natural product that is good for you," said Gus Hargrove.

The Bath, N.B. family-owned company typically sells its organic syrup to distributors to health food stores in those countries and has benefited from the rising consumer interest in organic foods. It has built its international customer base of approximately 100 distributors around the globe primarily through trade shows and visits to the company web site.

Both in their mid-fifties, the Hargroves began Canadian Organic Maple Company as a business they could operate as they eased into retirement. Today they have six full-time workers and another 18 part-timers who work about 10 months per year, and are trying to grow their production and sales by about 20 per cent annually.

The Hargroves owe some of their success to their geographic location. "We are in the area where McCain Foods' headquarters are and we have seen how successful they were exporting, and most of the people here have good skills in food manufacturing," said Gus Hargrove.



▲ Canadian Organic Maple is enjoying export success due to increased interest in organic foods.

Over its seven-year history, the maple syrup company had to struggle to get its product recognized as "organic" in various jurisdictions, and experienced periodic export headaches such as a West Coast dock strike which held up Asian shipments.

Perhaps the owners' biggest challenge is ensuring they get paid by faraway buyers. "Like a lot of people we have made a few shipments that we didn't get paid for," said Gus Hargrove. "After that, we insisted that they either prepay or insure it through EDC and that has worked well."

The Hargroves' advice for those looking to tap international markets is as simple as their tasty product: "If the customer wants it they will pay for it or buy insurance for it. Don't let it leave your door until you are sure you will get paid," he said. "If EDC won't insure the sale, you have a pretty good idea that the customer doesn't have very good credit."

www.canadianorganicmaple.com ■

ASI Group

St. Catharines, Ontario

BY PAUL BRENT

ASI Group has made an international reputation for itself by taking on jobs that are too dangerous for humans. The St. Catharines, Ont.-based outfit is a world leader in the operation of Remotely Operated Vehicles (ROVs) used to inspect tunnels and pipelines below ground or below the water.

With a fleet of 10 custom-designed robots in a range of sizes and capabilities that can travel up to 10 kilometers, assess and, in some cases, remotely repair damage in conditions humans can't or won't reach, ASI's expertise has taken it to exotic locales in South America, Europe and beyond. Recent contracts include an assignment to three deepwater leaks at the Ponce Regional Wastewater Treatment Plant Deep Ocean Outfall in Puerto Rico, and the hiring to design, build and operate an underwater robot to inspect New York City tunnels.

"We have very little competition in the ROV business and this New York contract really catapults us well beyond anyone else; the technology that is going to be developed for that project is really pushing the envelope," said ASI President Carmen Sferrazza.

ASI launched its robot-inspection and repair business in 1991 and quickly found that tracking down potential clients was at least as challenging as finding leaks in 800 feet of murky water. The company's solution was to establish ASI as an expert in the emerging field by producing a series

Photo: Courtesy of Canadian Organic Maple



Photo: Courtesy of ASI Group

▲ ASI Group's Remotely Operated Vehicles (ROVs) take on the jobs that are too dangerous for human beings.

of technical papers on the use of ROVs for dangerous tunnel and pipeline inspection. It also educated the relatively small population of international engineering consultants and made itself a fixture at industry trade shows.

"Word of mouth is out there now and we are well known as leaders in this area, so that initial hard work in marketing paid off. Now it is just maintaining our visibility in the market," said Sferrazza.

EDC has provided accounts receivable insurance and bonding to support the company's international contracts, which account for about 25 per cent of ASI's annual revenue. "Financing and bonding and risk are major challenges for a small company like ours," said Sferrazza. "They have been very supportive. I don't think we would be able to be in the international business if it wasn't for their help."

His advice for those looking to crack international markets? "Never take no for a first answer. Be persistent, there are ways of getting around some of the issues when you are a smaller company." That advice even applies to EDC, Sferrazza advises. "Never be afraid to ask questions of EDC because there is a difference between what you read on the Internet and what can be done when you start looking at interesting projects." www.asi-group.com ■

Digital Dispatch Systems

Richmond, British Columbia

BY PAUL BRENT

The days of taxi cab drivers getting their fares from the voice of a dispatcher are all but gone, due in large part to the success of Richmond, B.C.'s Digital Dispatch Systems (DDS), the world leader in designing wireless dispatch systems for large taxi fleets.

The 20-year-old company designs, manufactures and installs wireless communications systems for the automated dispatch of taxi fleets. The most obvious benefit of the system for operators is that it eliminates the inevitable clashes between drivers and dispatchers over presumed favouritism. However, the DDS dispatch systems generate a significant return on investment for fleet operators by allowing them to manage more calls, and dispatch more vehicles, more efficiently.

"One of the driving reasons (for adoption) is it eliminates favouritism over the dispatching system," said Cliff Snelling, Vice-President of Marketing with DDS. "There is always the feeling that a dispatcher is favouring certain drivers or taxis over others." Going into a data mode for fleet dispatch also eliminates the practice of competitors "scooping" fares by listening in on the old-style voice network. "It does not happen much anymore because most large companies are on a system similar to ours or use ours."

DDS has successfully sold its wireless dispatch networks to approximately 300 large taxi operators on four continents. Travellers in foreign capitals such as Helsinki, Stockholm and Paris stand a good chance of getting in a DDS-outfitted cab; DDS has outfitted huge fleets of up to 5,000 vehicles in those cities.

EDC's services such as facilitating performance bonds and insuring contracts have proved invaluable to DDS in cracking foreign markets, Snelling said. With monster-sized jobs such as outfitting a taxi fleet to service a metropolis such as Paris, the performance bond is sizeable and

would be too much for Digital Dispatch to shoulder without EDC's financial backing.

"We wouldn't necessarily be able to do that on our own because it ties up a lot of our money," he said. "If we want to bid and do multiple projects at the same time, that money has to be in a bank somewhere and is a dead weight on an operation."

EDC has also assisted Digital Dispatch's sales pitch by providing a financing option for potential customers. With the company's solution costing about \$2,000 per vehicle, going wireless is an expensive proposition, DDS acknowledges. "Whether or not our customer actually takes advantage of the EDC loan or not, it offers a way to promote the company and go through the sales process that might not have happened if we did not have the option," Snelling said. "It's a big capital outlay and they can take a deep breath and say 'Okay, I have at least one way to finance that.'" www.digital-dispatch.com ■



Photo: Courtesy of Digital Dispatch Systems

▲ DDS has sold its wireless dispatch networks to 300 large taxi operators on four continents.

Provincial Partnerships: A STEP in the Right Direction

BY DANNY KUCHARSKY

▼ Companies such as Mad Rock Marine Solutions (left) in St. John's, Newfoundland and Saskatchewan's Empire Welding & Machining Ltd. (bottom right) were able to take advantage of new agreements into which EDC has entered with provincial and regional trade agencies.

Dean Pelley needed a cashflow lifeboat. Mad Rock Marine Solutions, his St. John's, Newfoundland and Labrador firm which has developed a patented line of secure hooks for lifeboats, had just landed its biggest-ever export deal with the Holland America cruise ship line – one that was four times larger than previous deals he financed with his own cash flow.

Mad Rock, a four-employee company formed in 2002, has developed a fail-closed lifeboat hook: If something goes wrong, it fails to the closed position, unlike other hooks which can open by themselves, resulting in numerous lifeboat accidents during system drills and maintenance.

The deal would sink if the Mad Rock President and CEO couldn't secure

\$80,000 in financing to cover the manufacturing costs for the \$106,800 purchase order. Enter the new Master Pre-Shipment Guarantee Agreement with Newfoundland and Labrador. The program, created in March between EDC and the province's Department of Innovation, Trade and Rural Development, provides small and medium-sized businesses loans of up to \$250,000 for working capital or for the acquisition of fixed assets needed to complete export contracts. EDC provides a risk-sharing guarantee to the province, which in turn provides a pre-shipment loan.

"Until the agreement came along, many small exporters may not have had the cash flow to complete export contracts," says the Honourable Trevor Taylor, Minister of Newfoundland and Labrador's Department of Innovation, Trade and Rural Development. "Small exporters had trouble accessing working capital because they lacked hard security or track records required by traditional lenders. Now, exporters with good deals involving reputable companies can obtain needed capital – and repay the loan when their client pays them, with EDC ensuring receivables in case of default."

In July, EDC agreed to provide a \$1 million revolving loan to the Saskatchewan Trade and Export Partnership (STEP)



to help the province's exporters develop new markets. That, of course, is in addition to the credit insurance EDC provides exporters in the province. In September, EDC and the Atlantic Canada Opportunities Agency (ACOA) signed a Memorandum of Understanding aimed at enhancing the ability of Atlantic Canada companies to compete internationally.

As its acronym suggests, STEP provides small and medium Saskatchewan exporters with a financial step in the right direction. Until the program arrived, many exporters were either turning down export opportunities or carried the risk on their own, says Glen Millard, Executive Director, Export Services at Saskatchewan Trade and Export Partnership (STEP) in Regina.

STEP operates a micro-credit financing program called nextrade finance, which provides both pre-shipment (or working capital) and post-shipment financing (or accounts receivable) for Saskatchewan exporters, whose exports are valued at USD 150,000 or less. Average loan amounts hover around \$65,000 and are charged a rate of prime plus 4 per cent.

Created with a capital pool of \$1.2 million in 2004, STEP's popularity was so high that it hit that threshold within a year. As a result, the program "didn't grow at its true potential because of the limited capital that we had access to," Millard says. However, the combination of a recent additional \$1 million in capital from the Saskatchewan government and the \$1 million EDC line of credit "means we're not limited any longer by our capital restrictions."

STEP "has been instrumental in assisting small exporters in Saskatchewan grow their export business through these programs," adds Linda Niro, the Calgary-based EDC Regional Vice-President for Western Canada. "For us to support exporters through STEP, not only the insurance side of their program but to help fund and grow the financing program, is sure to benefit local Saskatchewan exporters."

One of those exporters is Empire Welding & Machining Ltd. in North Battleford, Saskatchewan, which exports agricultural equipment – from land rollers to pipeplows – to the United States and Australia. The 30-employee company's products stand out from competitors' in several respects – pipeplows are built

heavier and gauge wheels are top of the line, for instance. "It's a bit of a niche market that we've capitalized on," says President Joseph Esquirol.

But until nextrade finance arrived, financing was a problem. Empire Welding & Machining has since received financing for several deals worth \$25,000 to \$40,000. "Nextrade financing (from STEP) has been extremely beneficial in allowing us to put our deals together without too many roadblocks," says Esquirol.

Increased cash flow for small business

Because the program finances up to 100 per cent of the transaction and provides up to 90 days credit to foreign buyers, it allows Saskatchewan exporters to go into new markets, expand existing markets, and give or extend credit to existing clients with the confidence they have the financial backing they need, Millard says. "They're able to enter into new export transactions without too much risk to their own working capital."

At the other end of the country, similar things can be said about the Master Pre-Shipment Financing Guarantee Agreement of Newfoundland and Labrador and EDC. After the provincial government set up a small-to-medium-sized enterprise fund to help smaller companies, "we approached the government and said 'we could help you here,'" says David Surrette, EDC Regional Vice-President, Atlantic Canada, in Halifax. EDC's exporter guarantee program would cover 75 per cent of the loan risk should the Newfoundland and Labrador company default and 90 per cent of the costs incurred for the invoiced amount should the foreign company default on payment.

Not only does this benefit small Newfoundland and Labrador companies, Surrette says, but it gives the provincial government a large capital pool because EDC is taking 75 per cent of the initial risk. Surrette believes similar programs should be launched across Atlantic Canada.

"From my perspective, why would you not want to risk share? You can do a whole lot more deals. It's a win-win situation for everybody, with the potential to have a real impact on the province."

Minister Taylor agrees, noting: "We're enabling businesses to acquire the necessary resources designed to support their

continued growth. This has the potential to have a real impact on the province."

Pelley, whose Mad Rock Marine Solutions was the first company to benefit from the new agreement, confirms "it's a useful program" for small exporters seeking capital. "When you're at such an early stage, especially in growth, it's hard to come across with the money. It's really the only program available to me that I was aware of." The agreement has paid off two-fold for Mad Rock: it has now won a second contract to supply the hooks to one of Holland America's newer ships.

Another agreement that could pay off is the Memorandum of Understanding between EDC and ACOA. ACOA, which includes exporting as part of its mandate to help Atlantic Canadian companies expand their businesses, and EDC were seeking a closer working relationship, Surrette says. "The agreement formalizes an already close working relationship by giving it a little more structure," notes Ottawa-based Andrew Douglas, EDC Sector Advisor, Commercial Markets and Small Business.

Under the five-year agreement, EDC and ACOA will share information on export and investment opportunities and collaborate in trade-related initiatives such as research, skills development and trade missions.

For example, EDC can share information on foreign buyers and political risk, while ACOA, which leads missions, can ask EDC representatives to make appointments with qualified buyers. "The intent is to have the two federal agencies work more harmoniously and deliver a seamless product to the Atlantic Canadian exporter," Surrette says. ■

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Master Pre-Shipment Financing
Guarantee Agreement:
[www.intrd.gov.nl.ca/intrd/
PreShipment.htm](http://www.intrd.gov.nl.ca/intrd/PreShipment.htm)

STEP: www.sasktrade.sk.ca

ACOA: www.acoa.ca

On the Ground in Mexico

NORTHERN MEXICO IS BECOMING A KEY DESTINATION FOR MANUFACTURERS LOOKING TO BE CLOSER TO THEIR CUSTOMERS AND EXPAND INTO NEW MARKETS.

BY BRUCE GILLESPIE

Although Mexico signed on to NAFTA in 1994, it was only recently that Canadian manufacturers began taking an interest in the area, thanks to key government reforms. Those reforms began with the election of Vincente Fox, of the Partido Acción Nacional (PAN), to the presidency in 2000, and continued with the election of PAN's Felipe Calderón in 2006. Both presidents' governments worked to achieve tax reform, lower unemployment, increase the country's competitiveness in the global manufacturing market and create a welcoming environment for foreign investment with a low inflation rate, high foreign exchange reserves and a stable foreign exchange rate.

It's a strategy that has proven effective. According to the NAFTA Office of Mexico, Canadian companies had invested USD 5.9 billion in the country between 1994 and 2006, becoming Mexico's fifth largest investor. By the end of 2006, 1,769 Mexican companies had received Canadian capital funding. According to EDC research, Mexico's GDP is expected to come in at 2.7 per cent for 2007 and is anticipated to grow between 3 and 3.5 per cent over the long term.

Although Canadian companies have been active in Mexico for the past century, an increasing number have focused on the manufacturing sector in Northern Mexico in the past three years, says EDC Chief Representative Michel Villeneuve. The area, which consists of six states – Baja California, Sonora, Chihuahua, Coahuila, Tamaulipas and Nuevo León – is ideally situated to act as a gateway to both U.S. and Latin American markets.

An important part of the country's manufacturing activity is based in and around Monterrey, the capital of Nuevo León, an industrial city known for its entrepreneurial mentality, says Villeneuve. In addition to being the home of many



▲ Associated Tube Group, a division of Samuel Manu-Tech, Canada's largest manufacturer of stainless steel and nickel alloy tubing and pipes, opened a Mexican affiliate when a major customer moved south.

multinational affiliates in the automotive and construction materials sectors, Monterrey also features a number of *grupos*, large, Mexican-owned corporations, creating a large market of potential customers for Canadian manufacturers.

"We've seen a trend of Canadian interest in having affiliates here, especially in the automotive sector because of the original equipment manufacturers like General Motors, Ford and Chrysler, which are here already," says Villeneuve. "It's a matter of following your customer – wherever your customer is, you have to be there."

Associated Tube Group

In 2006, Associated Tube Group (ATG), of Markham, Ont., opened a Mexican affiliate to supply tubing to one of its major customers that had moved south. Senior

Adviser, Scott Sweatman says the business they've found there is growing rapidly. "It's ironic in some ways that our original customer is not going to be our largest customer by far pretty soon, but it's a good thing," he says.

ATG is a division of Samuel Manu-Tech, a major North American manufacturer, and largest Canadian manufacturer of stainless steel and nickel alloy welded tubing and pipe. Half of the tubing produced by its wholly owned Mexican affiliate, Tubos Samuel de Mexico, S.A. de C.V., is for automotive fuel systems. But the Mexican facility also produces tubing for beverage machines and high-end air conditioning units. "We have seven stainless steel tube-making mills there now and about 50 employees, and it's going very well," says Sweatman.

Photo: Courtesy of Associated Tube Group

"It's a matter of following your customer, wherever your customer is, you have to be there."

Michel Villeneuve
EDC Chief Representative, Mexico

The company is located in Saltillo, the capital of Coahuila, home to about three-quarters of a million people and less than an hour away from Monterrey. The company has 40,000 square feet of manufacturing facilities but is already planning on doubling that by late 2008 or early 2009 to meet demand for its products.

Sweatman says the company's biggest ongoing challenge is training and keeping new staff. While employees with technical or commercial education from community colleges are easy to find, he says providing on-the-job training takes time. "Tube-making is at least partly an art and the kind of thing you learn by doing," says Sweatman. To that end, ATI has flown 12 Mexican employees to the Markham plant for eight weeks of training and job shadowing, which he says has worked out well.

The company has also benefited by hiring two senior managers who are Mexican and have experience working at U.S. companies in Saltillo, so they understand the expectations of a North American company. While the plant's current general manager is from the Ontario factory, Sweatman says the plan is to train a Mexican to take over the job in the future.

ATG has also benefited from having other Canadian-owned affiliates in the area. "This is the kind of town where our general manager can pick up the phone and talk to another Canadian and say, 'I've got this problem with the phone company, what do you do?' That's pretty useful," says Sweatman.

Helping Canadian companies build such networks of partners and customers is a major component of EDC's work in Mexico. "We open doors for Canadian companies and their affiliates," Villeneuve says. "Our approach is to facilitate business, to help them be known in the

business community and position them with the right exposure to local decision-makers."

Prodomax Automation

Having someone who knows the local market and can make those introductions is priceless, says Mauro Mozzato, CFO of Prodomax Automation Inc., of Barrie, Ontario.



▲ Prodomax was asked by their customers to go to Mexico and support their programs six years ago.

"EDC gave us the exposure to the local government and legal offices, suppliers and customers that are fundamental when you want to establish an operation in a foreign country," he says. "We'd done an analysis when we started working on this opportunity and found that for the first three years, the marketing activity would have cost us an equal amount of money as the operation investment, which is significant. So, EDC has done a fantastic marketing job for us."

Prodomax is an engineering company that manufactures welding and assembly systems for the automotive industry, focusing mainly on robotic and automated systems that produce chassis components. Mozzato says they started

looking at doing business in Mexico five or six years ago when many Tier 1 and Tier 2 companies in the auto sector were looking at the country as a low-cost manufacturing opportunity. "We were asked by our customers to go to Mexico and support their programs," he explains. "In addition, we found the opportunity to expand our market and our presence."

Mozzato says the company's management decided to enter into a joint venture with a Mexican company, Grupo Tamez Duque, S.A. de C.V., to form an independent joint venture, Tamez Prodomax, S. de R.L., to do work in the country, as it gave them exposure to low-cost materials and service without having to make a huge investment. The company's 20,000 square-foot manufacturing facility is located in Apodaca, located halfway between downtown Monterrey and General Mariano Escobedo International Airport, and employs 25 full-time staff. Mozzato says there are already plans to expand the operations and double its staff by the end of this year because of how busy they are.

"This is not really an expansion of the North American market, but an active market on its own," explains Mozzato, who says being in Mexico has given Prodomax the exposure to European and Asian customers that they would not have encountered at home in Ontario. ■

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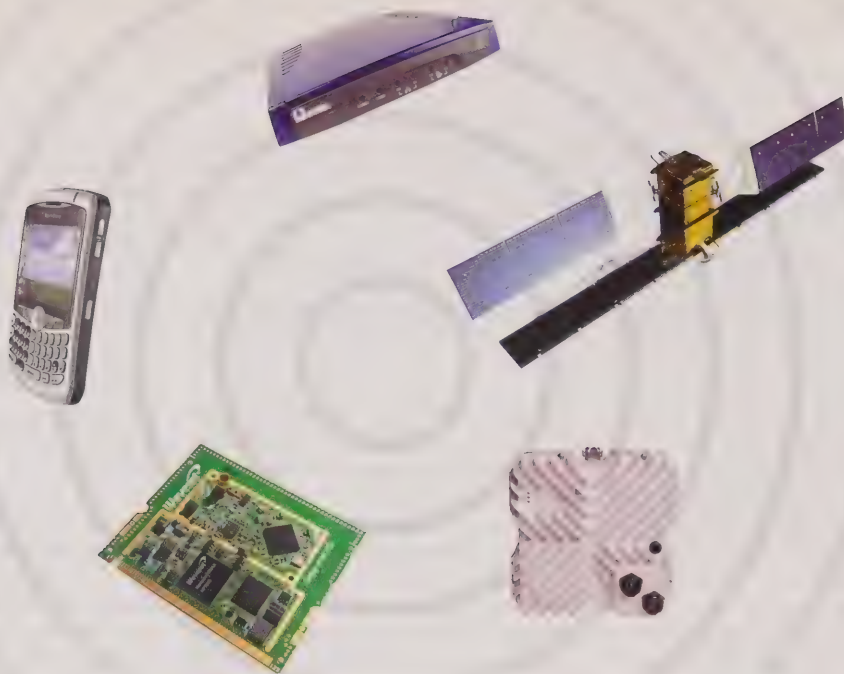
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STAYING AHEAD IN THE

BY TOBY HERSCOVITCH

From WiMAX, the exciting new standard for mobile Internet access, to satellites that transmit data from the remotest locations, new technologies are revolutionizing the way we communicate and do business globally. In this article, we look at how a cross-section of Canadian companies – Advantech AMT, DragonWave, ITS Electronics and MDA – are embracing these next generation technologies and what is in store for the wireless landscape from America's third largest wireless carrier, Sprint Nextel.



WIRELESS WORLD

Further. Faster. Anywhere. This could well be the motto of the global wireless industry as new technologies and devices put the world in the midst of yet another industrial and entertainment revolution, one that impacts everything from mobile workforces to healthcare information access to games-on-the-go.

"The concept of personal broadband – the ability to take your high-bandwidth connection with you wherever you go – has the potential to transform the way we interact and conduct business," says Dr. Alan Solheim, Vice-President, Product Management, of Ottawa-based DragonWave Inc. "A generation raised on instant messaging, Google searching and instant access to all types of media has created a demand for this type of interaction to be available at fixed locations, and wherever users might be."

DragonWave is just one of Canada's many innovative companies that are at the forefront of this technological revolution. It designs, develops and markets

leading-edge Ethernet microwave equipment, which provides a high-performance wireless connection between the WiMax cell sites or towers and the Internet service provider's network. This point-to-point link is known as the backhaul.

Founded in 2000, DragonWave now has some 120 employees and reached almost \$20 million in revenues in the first half of 2007. Sales outside North America represent about a quarter of DragonWave's business and are growing rapidly.

"Our latest equipment was specifically designed for the fourth generation (4G) of wireless technology, WiMAX, and we have best-in-class backhaul products in this area," says DragonWave's Vice-President, Finance and CFO, Russell Frederick.

Today, much attention is focused on WiMAX – Worldwide Interoperability for Microwave Access – the latest standard for broadband wireless access. It promises to provide a high-speed, multimedia Internet connection to any mobile wireless

device, over a large geographic area and with less infrastructure than today's local Wi-Fi networks.

Canadian companies at the forefront

So where is Canada when it comes to 4G wireless technologies? "Canada is a hotbed for innovation in wireless," notes a recent study for Industry Canada by Kazam Technologies.

This is echoed by Industry Canada's Keith Parsonage, Director General, Information and Communications Technologies (ICT) Branch: "Canadian wireless companies have always been and continue to be at the forefront of next generation technologies. Canadian companies have been responsible for leadership and world firsts in wireless innovation."

Parsonage points to Quebec's Wavesat, which introduced the world's first WiMAX chip or Ontario's Redline Communications, the first company to have a complete suite of WiMAX equipment successfully certified, as examples.

The path from innovation to invention to commercialization isn't easy, which is why Canadian companies need access to financing and networks to bring new ideas to the market.

On a larger scale, Canada's Nortel continues to be recognized as a leader in communications technologies with worldwide research and deployment of new wireless solutions, including WiMAX networks, equipment and standards.

And of course, no discussion of Canadian innovation in wireless, or otherwise, is complete without highlighting Canada's world-renowned and wildly addictive BlackBerry®, the brand that has become virtually synonymous with personal digital assistants (PDAs). It was developed and produced by RIM (Research in Motion) of Waterloo, Ontario. The company is now the largest vendor of PDAs in the world.

World firsts in satellite technology

Canada is also recognized the world over as a leader in satellite technology.

"Quebec's Advantech AMT, for example, provides transmission and networking technology for satellite communications and was the first company in the world to deliver military-grade modems for software defined radio communication," says Parsonage.

Transcending national and earthly boundaries, MacDonald, Dettwiler and Associates Ltd. (MDA), headquartered in Richmond, B.C., is known for many world firsts: Anik-C, the first direct broadcast satellite; MSAT, the first mobile communications satellite and RADARSAT-1, the first commercial remote sensing radar satellite, used for earth observation. MDA recently launched RADARSAT-2, expected to provide the world's most advanced, commercially available radar imagery.

Global race in R&D

Canada's R&D strengths are critical to success in this industry. "An educated and talented workforce and fiscal incentives by our government have created many

R&D jobs and many successful new products by Canadian companies. It has also enticed overseas companies to do research here. Ericsson of Sweden, for instance, has 2,000 people in Montreal doing R&D for wireless technology," says the Canadian Wireless Telecommunications Association's (CWTA) President and COO Peter Barnes.

This kind of support is most valuable to small and medium-sized enterprises (SMEs). "Government of Canada programs that support SMEs at both the innovation and exporting stages respectively are the National Research Council's Industrial Research Assistance Program, and Foreign Affairs and International Trade Canada's Program for Export Market Development for Trade Associations," says Parsonage. The latter program enables members of associations like CWTA to access funding for participation in international trade shows and other activities that connect them to potential foreign customers.

The R&D path in Canada also has its bumps. "While a lot of innovation is created and developed in Canada, we are challenged by increasing R&D activity and exports from emerging global markets," says Paul Day, EDC's Vice-President, ICT Business Development Group.

"The shift of production to emerging markets is now reaching higher-value product design and services. And it's not just the major corporations with a presence in Canada, such as Alcatel-Lucent, Ericsson and Nortel, which are increasing their R&D in China, India and other emerging markets. Medium-sized enterprises must look to lower-cost markets as well.

"Unless these companies continue to innovate and participate in direct investment in foreign markets, they increase the risk of becoming marginal players. In the fast-paced ICT world, new technologies and new applications are the only constant," adds Day.

For EDC, this means developing strategies to enhance its support for Canadian companies engaged in R&D and product commercialization. "We are focusing on key emerging countries and specialized markets where Canadians can leverage a comparative advantage," says Day. "For example, EDC has provided substantial amounts of financing over the past three years to key telecom companies in India to help step up their purchase of Canadian-based ICT equipment and services, with an emphasis on wireless technologies."

What's the fuss about WiMAX?

The biggest challenge in R&D is keeping ahead of the pack. Look at Wi-Fi, a wireless local area network (WLAN) radio communication system. This technology has only been widely deployed for about five years and already WiMAX is starting to overlay it in some areas.

In comparison, Wi-Fi technically provides a high broadband capability – offering a good multimedia Internet experience – but not distance. It's still ideal for private networks, letting you access the Web from a "hotspot" in a café, hotel or classroom. But move a little farther from the hotspot and there goes your connection. As for other mobile technologies, the latest systems provide more distance, but not the high bandwidth. WiMAX promises both.

"Call it Wi-Fi on steroids," says Steve Featherston of EDC's Technical Advisory Services, "letting you connect to the Internet from 10 times farther."

Sprint looks to future of wireless

One major telecommunication company that is investing in a mobile WiMAX network is Sprint Nextel. America's third largest wireless carrier offers a comprehensive range of both wireless and wireline communications services to about 54 million customers across the United States. Revenues reached USD 40 billion in 2006.

As part of its network deployment, Sprint will likely spend several billions of dollars over the next few years. EDC provided a loan to Sprint last March that will support its existing Canadian procurement and help develop new opportunities for Canadian exporters. Given that Sprint is

already a major buyer of Canadian telecommunication equipment and services, the supply opportunities are boundless if WiMAX takes off as predicted.

"We do a lot of business in Canada, mostly with RIM and Nortel, but also with some smaller players, as well as with call centres in Canada. We continue to look for advanced technology products and services that are unique and which will leverage our company's own operations," says Brian Meadows, Senior Vice-President of Supply Chain Management for Sprint.

To keep the momentum going, EDC introduced senior executives from Sprint to some 40 Canadian existing and potential suppliers during a seminar on Sprint Nextel's procurement plans in the fall of 2007. "Our goal was to introduce Sprint to leading edge Canadian companies involved in the development of WiMAX and other network-access technologies," notes Day.

"This was an excellent forum to bring so many companies together to talk about Sprint's strategy and introduce a personal connection," says Meadows. "Our relationship with EDC has been helpful in making it easier to identify new companies in Canada that offer the newest wireless technologies and that could work with us in the future."

Competitive challenges

But there are no contract guarantees in a competitive landscape where no one has a technology head-start for long and where everyone is looking to cut costs to compete globally.

"A typical global supply chain organization has approximately four per cent of its suppliers representing 80 per cent of its spending. In today's business environment, many companies are reducing their supply base by as much as 50 per cent to achieve world-class supply efficiency," says Meadows.

"Additionally, as the top-line growth slows down, companies are forcing all suppliers to be even more competitive or unique in the value they offer and to drive more costs out of the products and services they provide."

These conditions may pose challenges for many smaller businesses. However, Meadows adds, "Successful companies view

this situation as an opportunity. They can articulate clearly 'why should a customer do business with me?' They also have a clear understanding about what sets their business apart from the others."

This is the case for mid-sized companies like DragonWave that are eyeing Sprint's new network with interest, and with confidence in the added value their WiMAX backhaul equipment can offer.

"Our newest product has double the capacity, more features and lower price per megabyte per second (millions of bits of speed)," says Frederick. "We know that we constantly have to keep ahead of the competition through innovation. As others catch up to our Version 1, we have to be at Version 2 or 3."

To protect itself from the risk of foreign companies defaulting on payment in this highly volatile industry, the company turns to EDC. "The cost of insurance is a

known entity, whereas there is a lot of uncertainty around whether or not a foreign customer will pay. So, we place a high value on EDC's insurance," says Frederick.

DragonWave has overseas offices in England and France and distributors in the United States, Australia and Germany. "We recently gained approval to set up an office in Dubai. We've already started to get orders there and will be able to service many parts of the Middle East by being in the region."

For emerging global markets, the wireless revolution could be especially meaningful, enabling many regions to bypass installation of more expensive telephony (DSL) and cable infrastructure. They can go right to a mobile network.

"Many emerging and established markets worldwide are deploying WiMAX and other wireless technologies for their broadband connection," says Featherston.

Wireless by the Numbers

While it is difficult to quantify the full scope and value of the wireless industry in Canada, a variety of measures provide some sense of the economic benefits.

In 2006, Kazam Technologies calculated that the Canadian wireless equipment, products and services industry comprised about 400 companies, mostly SMEs, and generated as much as \$18 billion in revenues. The industry employs more than 25,000 Canadians, according to CWTA.

"If you look at Canada's \$40 billion wireless industry, wireless communication is the fastest growing segment. It keeps getting bigger as mobile voice, data, music and video pair with broadband connections and city-wide wireless networks," says Parsonage. From 1997 to 2006, Canadian growth rates for wireless equipment averaged nearly three per cent annually and, for wireless services, a hefty 10.4 per cent.

Canadian merchandise exports in the wireless sector were hovering near \$3 billion in 2006, reports Industry Canada. Worldwide, compound annual growth in wireless equipment and devices is expected to range from two per cent in mature areas such as cellular infrastructure to 28 per cent for up-and-comers like WiMAX, according to Kazam Technologies.

When it comes to R&D, Canada's ICT industry as a whole has the highest spending, at some \$5.7 billion in 2006, of any industry sector in Canada. Telecom spending (wired and wireless) accounts for the lion's share at \$2.4 billion.

Infinite space for satellite

If WiMAX is taking wireless communications farther, then satellites are taking it out of this world – literally. Satellite technology is another growing area where Canadian companies have latched onto leadership positions, whether in mobile communications for space and defense applications, earth observation or broadcasting. Today, satellites also deliver Internet access to remote areas lacking broadband connectivity.

MDA is among the world heavyweights in satellite-based information systems and technology. This diversified corporation delivers a broad spectrum of earth and space based information solutions, ranging from a mobile servicing system for the international space station, to information products and services tailored to specific industries, from defense to real estate.

MDA is a billion-dollar corporation with 3,000 employees across Canada, the United States and United Kingdom. “MDA is the largest single non-U.S. contractor to the NASA space program,” notes Logan Duffield, Director, Strategic Business, for MDA’s Space Group. (At press time, the sale of MDA’s space division to a U.S. buyer was announced.) Up to three-quarters of the company’s revenues come from U.S. and overseas business.

Today, a key emerging opportunity for MDA lies in developing a new generation of smaller satellites used for science, industrial information and communications. “Instead of costing hundreds of millions to build, they’re more in the order of tens of millions. This actually makes it feasible not just for countries to purchase them, but also for major companies. For example, a large mining company

could have its own satellite to explore the earth for minerals,” says Duffield.

German company RapidEye recently contracted MDA to deliver a constellation of five such satellites, which will be used to provide geospatial information to various industries starting this year. For example, a German insurance conglomerate plans to purchase information on agricultural land conditions, derived from these satellites, to prevent fraudulent insurance claims.

Duffield adds that since its inception in 1969, MDA has had to adapt to different global markets and competitive conditions in order to grow. “The total procurement budget of the Canadian Space Agency is very small in global terms.

“We have excellent skilled labour in Canada and are well served by smaller Canadian suppliers. EDC has been exceptionally helpful to us in bringing financing to the table when we are involved in international business. EDC also provides important risk mitigation and international intelligence to apprise us of potential risks.”

In the near future, MDA is considering bidding on projects in Russia and the Ukraine. “EDC complements the information we get from International Trade Canada and is more focused on trade risk,” adds Duffield.

“Our key challenge is protecting our intellectual property. This remains a big issue for all players in this industry. There are many risks in transferring your own technology abroad and many trade restrictions imposed by other countries, especially the United States, for security reasons.

“Another challenge is that more and more countries abroad, from Korea to Nigeria, are developing indigenous space programs and some could become real competitors in the future. So we always have to keep ahead in our research, be flexible and increase our international investments.”

Global investment as growth strategy

Advantech AMT of Montreal is a leading provider of satellite and wireless communication solutions, targeting commercial, government and military markets. Applications include Internet service,

ITS Electronics: From Garage to Globe

Two decades ago, Ilya Tchaplina started ITS Electronics in the garage of his townhouse in Vaughan, Ontario. “I started on the anniversary of the date (April 12) that Russia’s Yuri Gagarin was launched into space,” recalls Tchaplina. Today, his company’s space-age microwave components (SSPAs) and subsystems for mobile communications make up a \$9 million business with 65 employees, including 21 engineers.

The company has major aerospace, telecom and defense industry clients around the world, including Boeing, Hughes Network Systems, General Dynamics and Rockwell. ITS has also become the world’s leading supplier of components that enable high-definition television (HDTV).

The company places a high priority on R&D. This spending now exceeds \$2 million annually. “One of the keys to our success is our engineering team and nimble manufacturing capability. Our motto is response, innovation, craftsmanship,” says Tchaplina.

In 2007, ITS experienced 40 per cent growth. “Without EDC’s financial products and risk management advice, this would not have been possible,” adds Tchaplina. “We are thankful to EDC for helping us win and keep new customers and markets.”

ITS has invested heavily in certifying its products and processes under internationally recognized quality standards. “This allows us, for example, to put navigation and communication-related equipment on a commercial airliner.”

Still, how does a relatively small player connect with a leading global company like Boeing? “Actually, they found us on the Internet,” says Tchaplina. “They were looking for a power amplifier that was smaller and lighter than what they had, and liked our product. Our solid state amplifiers have the highest power per cubic inch in their frequency in the world today.”

“As our business grows, the big challenge will be staying on the leading edge of R&D and finding more talented engineers.” For now, the company has outgrown its floor space once again and is moving to larger facilities.



Photo: © Gideon Mendel/Corbis

▲ Many emerging markets are deploying WiMAX and other technologies for their broadband connection.

enterprise networking, broadcasting, homeland security, cellular and WiMAX backhaul.

R&D has been an important driver in Advantech's rise. "About a third of our employees are involved in R&D. These efforts are very much targeted towards open standards [technology that facilitates data exchange between different products to promote widespread adoption]. We are also active in many standards bodies, both in satellite and terrestrial wireless communication markets," says Advantech's CFO François Binette.

"The U.S. Department of Defense recently adopted open standards for military communication in which we have leading market positions." These include DVB-RCS, a digital video broadcast standard for small satellite ground stations (VSATs) and Advantech's MIL-188-165A standard in modem technology.

What's unique in Advantech's speedy rise is its level of global acquisition. Founded in 1988 by David Geleman, the company grew steadily to a mid-sized firm until it hit the 2000 tech bubble – when it really started taking off, from 175 employees in 2001 to 550 in 2007, from \$20 million in sales to \$100 million today.

Where others retreated, Advantech seized the opportunity to acquire other complementary companies in its sector.

"We looked at our core competencies – skills and technologies we could leverage – and what other companies had that

would be to our mutual benefit," says Binette. "Over the past three years, we have experienced 55 per cent compound annual growth."

One of Advantech's latest overseas acquisitions was a company in Sweden developing point-to-point microwave radio transmission technology used in cellular or WiMAX backhaul. This is a departure from Advantech's expertise in satellite data transmission, but complementary in that it is also a wireless technology.

"The Swedish company Allgon Microwave developed the first Ethernet radio suited for WiMAX applications and we're now making it better using our own R&D expertise. We also started expanding this network in Canada in 2006 by acquiring a complementary company in Quebec, Northern Radio and Wireless, which is now the North American base for our terrestrial wireless business," says Binette. Both companies are now part of the company's Allgon Microwave Group.

Today 95 per cent of the company's revenues come from foreign business, mainly in China, the United States, the United Kingdom and Sweden. Key customers include large ICT firms like Intelsat and Alcatel and broadcast giant NBC. Last January, Advantech was awarded a contract to provide a new VSAT satellite communications network to Saudi Aramco, the Kingdom of Saudi Arabia's national oil company.

"EDC is very good in helping mid-market size companies like ours grow internationally. They have helped us to obtain bonds and other instruments and to increase our working capital."

Rocky road from start-up to market

For every success story, however, there are start-ups that stumble. "The path from innovation to invention to commercialization isn't easy," says Parsonage. "That's why it's important for Canadian companies to have access to financing and networks to bring ideas to market. Partnerships with foreign firms will be essential to remain competitive in the global value chain, and to access markets."

Binette agrees: "Canadian companies need more support in commercializing

new products. Advantech gained market access through acquisitions, but not every company can do that. It is difficult for smaller companies to overcome the scale and costs of market development without support from the government or the banks. I believe it would be useful if EDC could do even more kinds of financing to help companies increase their sales and distribution channels abroad."

Day shares Binette's view. "In fact, we are looking at new financial products for smaller companies, including micro-financing options and more early-stage financing support for high-growth companies."

"The good news is that Canada's wireless companies are very agile and continue to adapt to the changing global business environment. Their future success will be tied to being early-to-market with new technologies, which increasingly will be developed and produced wherever it is most effective to do so."

Right now the world is still watching how technologies like WiMAX will develop in facilitating high-speed and full multimedia Internet access on the go. Whatever happens, it is virtually guaranteed that new and improved technologies will emerge even before WiMAX is at its peak and that Canadian companies will have to increase their global integration to keep on top of the wireless revolution. ■

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Connecting Canadian SMEs to India's midmarket

BY SHELDON GORDON

EDC has made its first equity investment in India, the world's fourth largest economy, in a move to connect small and medium-size enterprises (SMEs) there with Canadian exporters that are a strategic fit for them.

EDC recently invested \$7.5-million in The Avigo SME Fund II, managed by Avigo Capital Partners, a private-equity firm based in New Delhi, India. Founded in 2003, Avigo invests in, and provides guidance to, companies in India's flourishing mid-market. Its target sectors are engineering and manufacturing, power and infrastructure, industrial services and logistics and pharmaceuticals.

"This investment will help us to introduce Canadian companies to Avigo's portfolio companies," says Alison Nankivell, Senior Portfolio Manager, EDC's Equity team. "Using our mandate to invest in foreign equity funds helps us build knowledge and networks in emerging markets from which Canadian companies can benefit."

The Avigo SME Fund II gives EDC "the best of both worlds," she says. "The fund has a solid track record from a risk/return perspective, but more importantly, it provides value for Canada. Indian SMEs are looking for overseas partners to upgrade their technology and project management skills."

"Canada is a country of small- and mid-sized companies. We want to connect them with the Indian SMEs that are growing, so that our Canadian companies can grow in tandem with them. But it's not easy to figure out who's a good potential partner for a Canadian SME. Avigo can help us determine this through their local business networks and presence on the ground."

Avigo will detail the needs of its portfolio companies to EDC, which will try to make a match with some of the 6,000 Canadian companies in its database. While not the first EDC investment in a



Photo © Jon Hicks/Corbis

▲ With 200,000 SMEs currently operating in India, Canada needs to create more awareness of its expertise and technology. EDC equity investments in India is one way to jumpstart the process.

foreign equity fund, the fact that it targets India is especially timely.

"India's economy has shown some impressive growth in the past three years and EDC is glad to have a presence on the ground supporting Canadian companies that participate in this growth," says Peter Nesbitt, EDC's Chief Representative in India. India's GDP grew by 9 per cent in 2005-06 and 9.4 per cent in 2006-07. By 2025, India's share of world GDP is forecast to rise to 11 per cent from 6 per cent.

Yet despite Canada's longstanding desire to forge closer commercial ties, the volume of bilateral trade has increased modestly and Canada still accounts for only about 1 per cent of India's total trade compared with 0.2 per cent a decade ago.

EDC has had its most successful year to date in India with business volumes crossing \$1 billion. "The fact that we are including equity in our basket of products in India is a testament of EDC's commitment to deepen the opportunities

Rinac India Limited is a fast-growing company in the industrial refrigeration market, serving the hotel, restaurant, dairy, trucking, hospital and pharmaceutical sectors. It was the first Indian company to develop an indigenous cold room of international standards. www.rinac.com

Tecpro Systems Limited is a growth story in the material handling systems segment of the Indian engineering sector. The company is interested in exploring technical collaboration with Canadian firms in grain-handling equipment and grain storage. www.tecprosystems.com

G.E.T. Engineering Construction Pvt. Ltd. is a turnkey service provider in the distribution segment of India's electrical power sector. As it expands, G.E.T. is interested in a partnership with a Canadian company that has expertise in the power-transmission field. www.getengg.com

for Canadian companies doing business in this market," says Nesbitt.

"In the past, we've been targeting the larger companies in exploring business between India and Canada, while the real opportunity lies in the rapidly growing SMEs in India and Canada," says Achal Ghai, Managing Partner of Avigo. Ghai can speak knowledgeably of the economies of both countries. He has more than 20 years of corporate banking, investment banking and private equity experience, including six years in Canada with CIBC.

"There are 200,000 SMEs in India, but for the last three to five years, Europe and China have been the main focus for them to strike alliances, whether through joint ventures, acquisitions, transfer of technology or manufacturing licenses. We haven't created the awareness of the availability of Canadian expertise and technology."

In Ghai's case, it's not for want of trying. "He has a passion for linking Canadian companies into India," says Nankivell. "He uses his extensive network to help Canadian companies find customers and partners." Ghai previously launched Avigo SME Fund I, a smaller fund investing capital raised from family and high net-worth individuals, including three Canadian investors. The portfolio held five SMEs, and Ghai introduced three of them to Canadian companies. He also has helped three Canadian companies – Ivanhoe Group, Nature's Path Foods and Matrix Packaging – establish a presence in India through potential alliances.

Avigo SME Fund II, with USD 125 million, is a much bigger initiative than its forerunner. Since its initial closing in May 2006, it has invested USD 40 million in seven companies. It plans to assemble

a portfolio of 15 companies, with the remaining investment to be disbursed over the next two years.

Unlike a venture capital firm, which expects only a relatively small proportion of its investees to succeed, Avigo anticipates that 100 per cent of its companies will be profitable. "We are not venture capitalists," says Ghai. "We provide growth capital in the form of private equity for existing profitable companies that require capital as well as a lot of hand-holding. We are not in the business of investing in start-ups."

Different stages of the cycle

Avigo is investing at different stages of the business cycle: the growth stage, the pre-IPO stage and buyouts. All of its investees have three to five years of profitable operating history. "We don't even look at a company which is below USD 20 million in historical annual revenues," says Ghai.

"Basically, we like to take our companies from small-cap to mid-cap to large-cap over a three- to five-year period." Avigo's typical investment is USD 3 million to 10 million.

One holding, Madras-headquartered Tecpro Systems Limited, has already filed for an Initial Public Offering. "Our investment bankers are forecasting a 100 per cent premium on our original investment in Tecpro," says Ghai. The company will double in revenues annually for the next two years, based on its existing order book. "So we are not exiting as part of the IPO," he says, "because we feel we have a substantial upside over the next four to six quarters. Typically, we will hold each investment for three to five years. According to our internal valuation, we are on track for a 35 per cent to 40 per cent gross return on our portfolio per annum."

Avigo is investing mainly in convertible preferred shares. A "preferred" is a higher ranking stock than common shares. A "convertible preferred" includes an option for the investor to convert the preferred shares into common shares, usually anytime after a predetermined date based on an equity value directly linked to financial performance. In Avigo's case, it usually converts 12 to 24 months from the acquisition date, based on the investee's performance.

"This is what determines the dilution and the percentage stake we obtain," says Ghai. "So our downside is protected. If a company under-performs, we take a higher equity stake, so that when we sell, we sell a larger number of shares. In this way, we've taken a lot of the volatility out of the system."

Avigo, he emphasizes, would much rather have a smaller piece of a more profitable company than be left with a large stake in an under-performing one. "We work toward a 25 per cent to 40 per cent return per annum on each company, with downside protection. We have fairly good visibility (of revenues) over the next 12 to 36 months of business."

Avigo points to at least three of its portfolio companies that are likely candidates for trade and technology links with suitable Canadian counterparts.

By involving these and other Indian SMEs identified by Avigo, it may at last be possible to jump-start the commercial relationship between Canada and India, to their mutual benefit. ■

For more information, contact Alison Nankivell (anankivell@edc.ca) or Achal Ghai (aghai@avigocorp.com)

Singapore Bets on Biotech

BY PETER BRAKE

Singapore has long positioned itself as a sanctuary of forward economic thinking and leadership, offering stability and respect for law and order as an alternative to the disorder, political uncertainty and corruption that plagues many of its Asian neighbors. In fact, multi-nationals are frequently choosing Singapore as their base for regional business, drawn by its promise of stability and order as well as proximity to a huge marketplace of more than 2.8 billion people living within a few hours' flight time.

Evolving from a simple shipping port with minimal inherent resources to today possessing one of the highest standards of living, education and income in Asia, Singapore is an economic wonder. But globalization and competition from lower-cost regions are weakening the nation's standing as a leading foreign investment and manufacturing hub. Seeking a cure, Singapore is aiming at moving its industry up the knowledge value chain, recreating itself as a centre of research and development (R&D) in biomedical science.

In 2003, the Singaporean government identified biomedical science as a future key economic driver and launched an ambitious plan to make the nation the premier Asian life sciences centre focused on biotechnology, medical devices, healthcare services and pharmaceuticals. The centerpiece of the initiative was the creation of Biopolis, a world class research facility offering leading edge R&D that attracted top notch talent wanting to pursue work in an open environment.

"Singapore's advantages are an educated and skilled workforce, a focused supportive government and plenty of capital," notes Tomás López Cabanillas, an Associate with Export Development Canada's (EDC) Light Manufacturing Business Development Group. "Marry that to a state of the art scientific and manufacturing infrastructure and a political and social culture that respects, protects and



In 2003 Singapore identified biomedical sciences as a key to economic growth, with a plan to position the nation as the premier Asian centre for life sciences. Heavy investment has opened up opportunities for Canadian expertise.

rewards intellectual property and the groundwork exists for a vibrant and growing biotech sector."

Singapore's biotech strategy has seen heavy investment into seven research institutes established under the Singaporean Agency for Science, Technology and Research as well as providing a variety of financial incentives to encourage foreign investment in the biotech field.

López Cabanillas adds, "The 2006 Science and Technology Plan aimed to increase national investment in R&D to 3 per cent of GDP by 2010 with the goal of strengthening and deepening research capabilities; nurturing native Singaporean scientific talent; encouraging private sector R&D; as well as building the infrastructure to enable large-scale intensified long-term research programs."

The goal is to establish world class capabilities across the entire biomedical value chain from pure science through to commercial applications including

product/process development, full-scale manufacturing output and healthcare delivery systems.

Singapore's biomedical science manufacturing output has grown fourfold since 2002 with employment in the sector amounting to 10,571 in 2007, partway to its goal of 15,000 by 2015. International pharmaceutical giants such as Novartis, Pfizer, Eli Lilly, GlaxoSmithKline and Merck as well as leading biotechnology companies such as Genentech have established production facilities as well as partnerships with domestic Singaporean interests. American and European scientists have been lured to Singapore by offers of lucrative and stable funding and promises of academic freedom, and the World Economic Forum has recognized the nation as the best country in Asia for intellectual property protection.

Canada has much to gain from the increasing worldwide activity in health and life science products as well as

Singapore's heavy investment in biotechnology. Currently, Canadian pharmaceutical exports amount to \$8 billion annually, but the growth potential is huge as the global pharmaceutical market could reach as much as USD 1.3 trillion by 2020 (PriceWaterhouseCoopers). Ranked as one of the top five biotech countries in the world, Canada's R&D capability in pharmaceuticals is a natural extension of a Canadian educational focus on fields such as genomics, proteomics, bioinformatics, stem cells, immuno-therapies and protein engineering.

According to Francis Chan, Trade Commissioner with the Canadian High Commission in Singapore, "Our key objective is to nurture partnerships and collaborations between institutions and universities in both countries," Chan adds.

"We facilitate visits from Canadian biotech firms and academia, and help coordinate networking events and partnering forums for interested parties. Singapore is Canada's second largest export market in Southeast Asia with optical and medical equipment ranking among the top export products."

Canadian companies such as VisualSonics Inc. and Zecotek Phototonics Ltd. (Zecotek) regard their involvement with Singapore's biotech sector as important to future growth.

"VisualSonics' cutting edge micro-imaging system's chief advantage over other systems is that it is non-invasive, non-harmful and provides high-resolution imaging required for preclinical research in cancer, cardiovascular and stem cell applications, for example," according to Steve Chackowicz, Vice-President of VisualSonics.

"Singapore's ambition to establish itself as an Asian centre for biomedical research along with a notable adherence to bio-ethical standards means that it is a key market for our products."

Zecotek has focused more on the commercial application of its research into bio-photonics developing high performance crystals, photo-detectors, medical lasers, optical imaging and 3D display

technologies for use in medical diagnostics and the high-tech industry. "We established operational headquarters in Singapore because it offered significant research support, complete and comprehensive scientific infrastructure, key linkages to international research institutes and proximity to regional large scale manufacturing capacity," say David Wynne, Zecotek's COO.

Canadian pharmaceutical exports amount to \$8 billion annually, but the growth potential is huge as the market could reach USD 1.3 trillion by 2020.

Wynne adds, "The genius of Singapore has always been that it offers a relatively unique enterprise environment in Asia where industry and entrepreneurs can confidently pursue their commercial activities free of the uncertain political and legal concerns found elsewhere in the region."

Seeking success in the biotech sector isn't without its risks and challenges. "R&D typically requires a long-term investment cycle. It takes enormous capital and an unwavering commitment to see results and there is no guarantee that there will ever be a substantial payoff," according to Chackowicz.

"Marketing highly advanced technical products such as ours requires specialized agents and distributors who can gain access to the players in a niche market and convey our products' advantages and enhanced capabilities. It can be difficult to find a partner with the patience and continuous relationship building required to sell our instrumentation in Singapore or other developing markets."

Notwithstanding Singapore's investment in the biotech field, pure research

institutes are always notoriously short on funding and suppliers should expect to be flexible on financing terms.

Singapore's biotech issues are also noted by Wynne. "By itself Singapore represents a small market that is trying to catch up to established biotech leaders such as Japan, the United States and several other mostly European countries. At this point Singapore doesn't yet have the critical mass needed to be a source of innovation, although it is evolving and is certainly a vital contributor to the value-added chain."

Singapore has admitted that its historical emphasis on business and trade has resulted in an imbalance in producing the number of science graduates needed for Singapore to become a more potent force in the biotech community. Addressing this human capital deficit presents additional opportunities for Canadian science and educational product and service exporters. Bodies like the National Research Council have entered into agreements with Singapore counterparts to share information, establish exchange programs and collaborate on science projects, developing collegial linkages and adding value to the innovation agenda of both countries.

With that in mind, Canadian capabilities and innovation in the biotech sector may be just what the doctor orders to help Singapore reaffirm its economic preeminence in Asia. ■

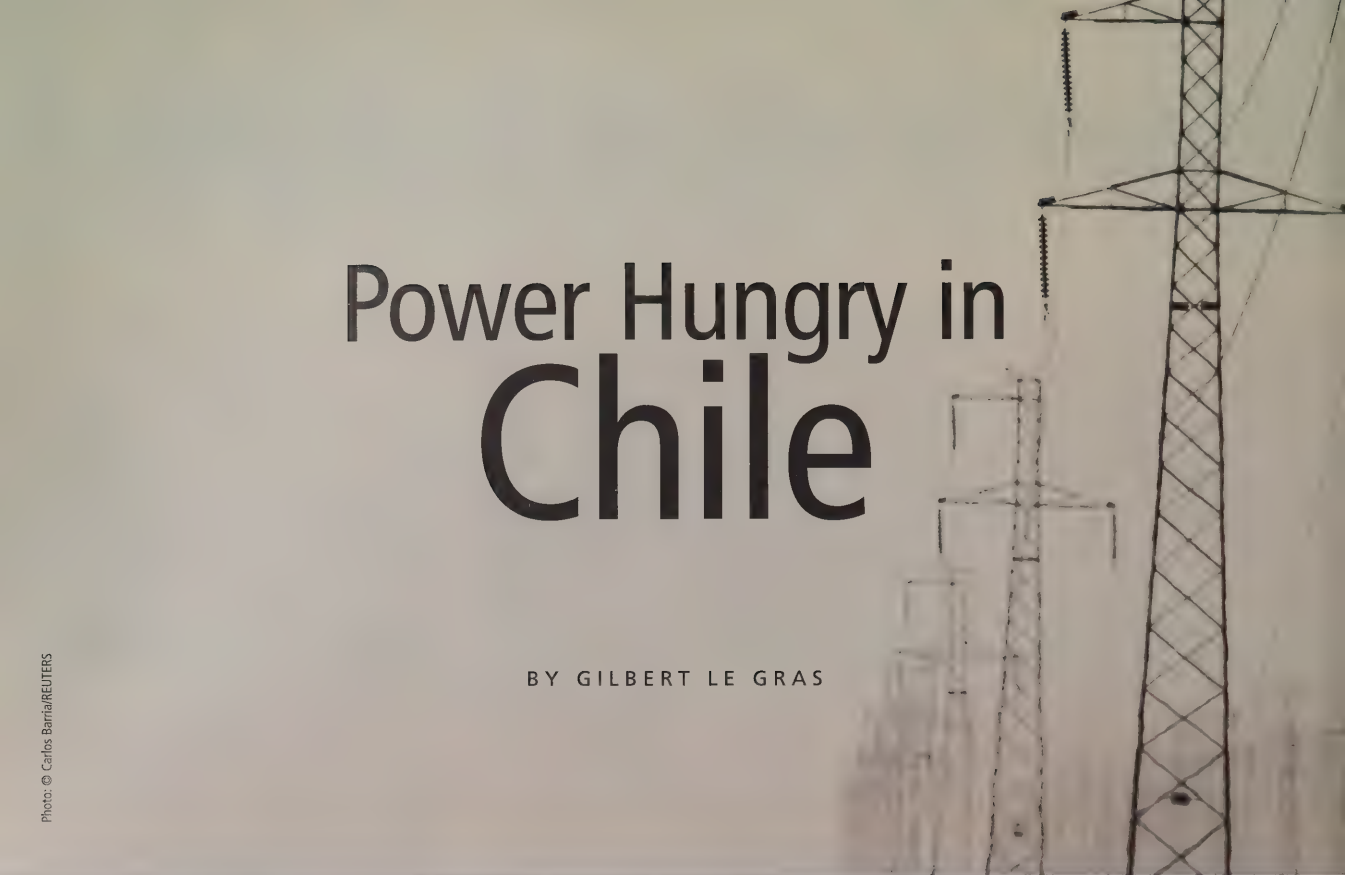
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Power Hungry in Chile

BY GILBERT LE GRAS

Photo: © Carlos Barria/REUTERS

Chile has limited domestic energy resources, forcing it to rely on imports to meet much of its energy needs. After a severe drought tipped its economy into recession in 1999, Chile has turned increasingly to natural gas imports to expand its energy mix away from heavy reliance on hydropower. But when Argentina began restricting natural gas exports across the Andes – with cuts reaching nearly 50 per cent of contracted volumes on some days – the government in Santiago began to reconsider its energy policy. At that time, in 2004, Chile's natural gas imports were eight times greater than its total domestic production.

"In this moment, the problems we had forced us to switch our thermal plants to petroleum and, given the price of crude, this boosted electricity prices," Chile's Ambassador to Canada, Eugenio Ortega, said from his Ottawa office. "This year, we got a lot of snow in the Andes. I think we'll capture a lot of water for the (hydro dam) reservoirs for the coming year so this solves our precarious situation for now, but we are trying to find new sources of energy," added Ortega.

"One of the most important issues is technology for the use of coal. It's the most abundant and cheapest source of energy. In the immediate future I think the new power plants being built will be coal-fired plants," Ortega said. "If Canada has the technology to capture those coal emissions, and EDC supports companies developing clean technologies for fossil fuels, we would be very interested. Any clean technology in consuming fossil fuels is absolutely key to us. This is very important to us, especially for coal," he added.

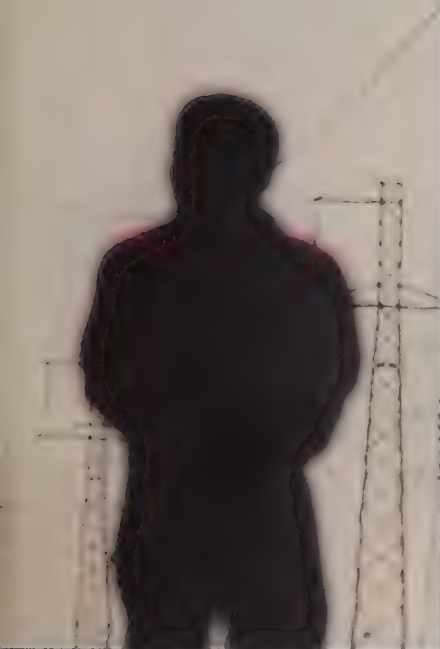
President Michelle Bachelet's government is taking a phased approach to the problem. First of all, Chileans are being encouraged to curb their consumption of electricity both at home and at work. Next, a series of investments are underway to expand Chile's power generation capacity such as a liquefied natural gas (LNG) plant currently under construction near Valparaíso due west of Santiago that is scheduled to be ready in 2009. There are plans to build another LNG plant near Antofagasta up north in the Atacama desert where the bulk of Chile's copper fields are located, Ortega said.

Calgary-based March Resources, meanwhile, hopes to step into the breach with two huge concession blocks in northern Chile's Atacama Desert.

"Our agreement with the Chilean government is that all (natural gas) production will be sold internally. We're more than happy to sign under a condition like that because it would have to be a huge find to satisfy their demand and solve that energy crisis," March Resources chief executive Dave Antony said.

Chile's fundamental needs for sourcing energy, coupled with years of democratic government and stable economic management, make this country one of the best bets for companies looking to do business in South America. Chile's electricity generation, transmission and distribution markets are fully privatized and its leading transmission company, Transelec, is owned by Canada's Brookfield Asset Management Inc.

Armed with investment-grade status and a stabilization fund to smooth out the rollercoaster effects of copper price fluctuations, Chile is bound to draw more new players like March Resources.



Chile's fundamental needs for sourcing energy, coupled with years of democratic government and stable economic management, make this country one of the best bets for companies looking to do business in South America.

Corporación Nacional del Cobre de Chile (Codelco)

It is the world's largest copper producer and a major employer in the South American nation of 16 million people. In order to tap into its reserves, Codelco needs to upgrade the energy supply powering its southern divisions and needs at least 1,000 megawatts of additional energy capacity by 2012. Codelco has been a major user of Canadian mining equipment for years, and in 2006, approached EDC for help to identify and meet Canadian companies with expertise in the power sector.

"Energy development is a key priority in building our capacity and developing new Chilean copper reserves," said Alvaro Vilaplana, Codelco's Vice-President of Major Contracts. "Given Canada's expertise in these sectors and our relationship with EDC, we saw a natural synergy."

the world. There are hopes to have two hydropower generating dams, each producing around 1 megawatt of electricity, in operation around 2012.

Finally, both as near-term and mid-term solutions, Chile is considering offering incentives for investments in non-conventional renewable energy, be it wind, geothermal and solar to small run-of-river hydro and biomass ethanol and even wave energy along its 6,435-kilometre coastline, Ortega said.

Wind and wave energy are expected to be the most promising alternative renewable sources of power for the mountainous Pacific coast country, Ortega said. "We've started working on wind projects, especially on the coast. We're measuring the potential and we expect it to be huge," he said. "Canada is an important player in wind energy generation, but Germany is the leader on the propellers."

One wind farm officially opened in early December and the Chilean Economic Development Agency (CORFO) is offering a wide range of financial incentives to attract investments.

The wind gusts that sweep along the entire expanse of the Chilean coastline are the result of hot and cold ocean currents running along the western side of the South American continent. The temperature difference in the water also triggers large waves which carry tremendous amounts of energy.

In fact, the U.S. Department of Energy estimates that the total power of waves breaking around the world's coastlines

produces between 2 to 3 million megawatts. One way to harness wave energy is to funnel the waves into a narrow channel to increase their power and size. The waves are directed into a catch basin similar to hydro dam reservoirs or they can be used directly to spin turbines.

"I think there's a lot of potential for collaboration between Chile and Canada on exploring wave energy. I know there are Canadian companies working in this field and they have turbines," Ortega said.

"In the short-term, it is essential we increase our generation of renewable energy sources. In the mountain ranges throughout the country we have volcanic activity that generates hot water for geothermal power generation," Ortega said. "In 2010 we have to have this (power generation problem) solved." ■

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"We look for a stable government and a low risk of expropriation. The tax regime is good, the special operating contracts are straightforward and Chile has always honoured its contracts," Antony added.

The 2.5 million-acre territory covered by the March Resources contract abuts Bolivia's high plains, home to one of the Western hemisphere's largest proven natural gas reserves, fueling Antony's optimism.

"There's an internal market for it, there's the beginning of an infrastructure and pipeline network and the pricing out of Argentina leads us to believe that this is economic for us," he said.

Drilling is scheduled to begin in January 2008 on two wells at a cost of more than \$15 million, the result of close collaboration with the Chilean government on this project since May 2006. Drilling equipment and most of the workers were to come from Canada with some parts and services supplied by Argentina, Antony said.

Down in the deep south, government and private sector attention is focused on the Baker River which is one of the steepest falling and most cascading rivers in

Oil and Gas Industry Suppliers Go Global

BY PETER DIEKMEYER



Photo: Courtesy of Enerflex

Increasing energy demand is boosting the need for equipment to explore, extract, process and to transport it. Canadian companies have been quick to get on the bandwagon.

Business lore has it that during the gold rush, the suppliers of picks and shovels often made more money than did miners. The same thing was said of IT hardware suppliers in the mid- to late-1990s, when they were thought to have more upside potential than many of the e-Commerce sites then online. These days, a comparable situation may be occurring in some sectors of the energy industry.

"Oil has been at near record levels for quite some time and demand for natural gas has been increasing worldwide despite the temporary overhang we now have here in Alberta," says Rod McPike, President of Calgary-based Propak Systems Ltd., which provides engineering, shop fabrication and field construction services to energy companies. "As a result, capital spending by oil and gas producers internationally is continuing at relatively high rates and that increases demand for our services."

A rapidly growing sector

Canadian suppliers of services, equipment and expertise to international energy firms have been among the biggest winners from the skyrocketing demand for new oil and gas supplies. Canadian

exports of oil and gas machinery and equipment have close to doubled during the past five years, to \$1.2 billion during 2006, and are expected to continue to grow.

The success of those companies should come as no surprise. Energy is on everybody's minds these days. Geopolitical turmoil in oil-rich countries, questions about reserve levels and spiraling demand from emerging Asian economies such as China and India are driving up prices and spurring the exploration and development of new sources.

Much of Propak's work is done internationally. "In many areas that we specialize in such as gas compression, oil and gas separation and processing, demand has been quite strong in recent years," says McPike. "The United States has been a key market. But we are presently doing quite a bit of business in China, South America, the Ukraine and Kazakhstan."

Building on a strong domestic base

The increased focus on finding and developing new energy sources is good news for the Canadian companies that supply the industry's "picks and shovels," many of which have substantial

competitive advantages says one expert. "The Canadian market has long been very active," says Michael Willmott, a trade commissioner at the Department of Foreign Affairs and International Trade's Alberta regional office. "There is a lot of drilling and exploration going on here and that has led to the development of a whole series of local suppliers."

Propak provides an excellent example of a Canadian oil and gas industry supplier that has quietly made the transition to the international stage. The company began manufacturing small skidmounted gas compressors and other equipment in the early 1970s, and by the end of the decade it began landing large contacts to supply Canadian gas plant projects.

Like many Canadian firms, it did not take long for Propak to look south of the border for growth and by 1981 it took on its first major initiative there, a gas processing plant construction project in Utah.

But according to McPike, Propak executives soon began broadening their horizons even further. "Just about 65 per cent of our business is now outside Alberta," says McPike. "You need to be pragmatic and adjust to the market. You go where your products are needed."

The Canadian advantage

One key advantage that Canadian oil and gas industry suppliers bring to the table is their flexibility and their ability to handle tough situations. Though Canada is one of the world's most energy-rich nations, getting at those reserves has been tough. The most easily recoverable oil has already been extracted from Canadian fields and what's left requires more drilling and increasingly sophisticated technology. It's a challenge that many other energy producing nations are also facing, most notably Saudi Arabia at its Ghawar field, which generates much of the country's most lucrative output.

In fact, the good news is that after cutting their teeth on the challenges of their tough domestic energy industry

(such as developing and implementing processes to squeeze oil out of those Alberta Tar Sands), Canadian suppliers that compete in foreign markets can often demonstrate a long list of significant accomplishments.

Specialized technologies

Propak isn't the only company that has been doing well during the recent demand surge. Enerflex, a Calgary-based provider of natural gas compression, power generation and process equipment, instrumentation and field services, has also seen a substantial surge in its international business.

"Natural gas prices have fallen back a bit recently here, creating a slowdown in activity and that has allowed Enerflex an opportunity to bring more focus to other markets," says Al Wahlstrom, Managing Director of Enerflex Global. "Canada is a mature player in terms of natural gas exploration and production, so when we talk to people in the international marketplace they are very eager to get us involved in development opportunities."

Natural gas extraction requires more drilling than does oil extraction, so suppliers to the industry, like Enerflex, tend to get a lot of repeat business opportunities. Furthermore, many jurisdictions are introducing legislation that encourages the capture and recovery of associated gas that emerges when wells are drilled. Countries are also setting limits on how long energy companies that choose to do so can burn off that excess gas. These trends are also creating new opportunities for Enerflex, which can provide assistance in both areas.

In 2005, Enerflex executives announced their decision to expand internationally to offset weak demand in Canada. Since then the company has taken several steps to refocus its operations, including re-deploying key personnel.

In 2005, Enerflex completed the acquisition of HPS, an Australian EPC company based in Perth, Australia and in early 2007, they acquired PowerTec Beheer BV, based



Photo Courtesy of Enerflex

Canadian suppliers of services, equipment and expertise to international energy firms have been among the biggest winners from the skyrocketing demand for new oil and gas supplies.

in the Netherlands. Both acquisitions added substantially to the existing business and footprint already operating in the regions. Enerflex is committed to expanding its international operations and will continue to pursue business opportunities that prove to be compatible with their strategy of international growth.

"The acquisition is key to our future plans and will be an important piece in our total solutions strategy," said Blair Goertzen, Enerflex's President and Chief Executive Officer. "The deal will allow Enerflex to become established in the Middle East, the former Soviet Union, and to strengthen our presence in Europe." A stronger presence in international markets could also help even out Enerflex's revenues, because international sales tend not to be subject to the same degree of seasonal variations that plague Canadian operations.

During the third quarter of 2007, the company's international revenue shot up by an impressive 32 per cent relative to the comparable quarter during 2006



▲ Geopolitical turmoil, reserve levels and spiralling demand from China and India, are driving up prices and spurring the exploration of new sources – contributing to the success of companies such as Calgary-based Propak Systems.

and is slated to move even higher still. Enerflex's bookings, which represent contracts landed but not completed, increased by an eye-popping 167 per cent during the quarter.

International opportunities

In fact, technical assistance and in-service training are two key areas where Canadian oil and gas industry suppliers do quite well, says one expert. "The know-how of Canadian companies in the oil and gas sector is excellent," says Benigno Rojas-Moreno, a senior trade director with the Alberta government, just prior to a trade mission to Brazil with several Canadian pipeline sector providers. "Not only can they help energy companies profitably exploit deposits that they may have previously thought to be unrecoverable, they also can show them how to do so in an environmentally friendly way."

That said, Canadian energy industry suppliers have not even come close to reaching their potential. The global oil and gas equipment and services market, which is dominated by several key players such as Halliburton Company, Schlumberger and Baker Hughes Incorporated, has been growing in the double digits during the past five years and reached \$124.3 billion during 2006. And demand is expected

to grow by close to 4 per cent a year during the coming years.

Right now, one of the key export markets for Canadian oil and gas equipment and services providers is right next door: in the United States. Demand for unconventional natural gas south of the border, where a large number of fields are depleting rapidly, is expected to continue to increase, a trend that will stimulate demand for drilling, production optimization and other technologically advanced services. But the United States is hardly alone. Just about every country that has potential energy resources is now looking at ways to exploit them.

Dollar challenges

That said, the oil and gas equipment industry is not without its challenges. The spiraling loonie, which has traded at above parity levels relative to the greenback has hurt Canadian firms' competitiveness not just south of the border, but also in many international markets too, because energy industry contracts tend to be negotiated in U.S. dollars.

The nationalization of oil companies in countries such as Russia and Venezuela is creating its own set of headaches. For one, it has increased the political and payment risks that exporters are exposed

to and has led many to seek out insurance hedges against these challenges. Furthermore, the reinvestment strategies and international procurement plans of nationalized players (which control about 70 per cent of the world's production) are often unclear.

These strong challenges also subject Canadian oil and gas industry suppliers to substantial political risk in some markets as well uncertainty regarding getting payment, says Propak's McPike. "You need to be insured in case anything happens," says McPike. "For example, I have long been an unabashed fan of EDC, which takes care of our needs in this area. They have contributed significantly to our growth. If our company is typical, they have helped to create a lot of prosperity here in Canada by helping exporters."

Despite the challenges, many Canadian companies remain in a solid position, says McPike. "The good news is that the technologies that we have are in broad demand. And many developing countries simply cannot easily replicate those capabilities themselves," said McPike. "As a result, we have a fairly strong order backlog right now. But we have to be vigilant and adjust ourselves carefully to the existing market." ■

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Brazil-Canada: Opportunities and Partnerships in the Oil Pipeline Market

BY CASSIANO VIANA

By 2025, Brazil's petroleum production will be approximately 4 million barrels per day, based on an anticipated growth in the demand for natural gas and associated structures, particularly when the hydroelectric potential is exhausted in 2015. Petrobras, the Brazilian government-owned oil company, plans to build more than 4,560 km of pipeline, 10 compression stations and two LNG terminals, with investments that exceed USD 7.5 billion, between now and 2012.

All of this translates to the need for at least 7,500 km of pipeline until 2015, or 14 million km of pipeline between 2016 and 2025. In fact, the pipeline sector alone is expected to receive investments totalling USD 100 billion over the next five years, presenting many opportunities for Canadian players. And these investment plans do not include any work that may arise from Petrobras' recent discovery of huge new crude oil reserves at the Tupi field in the Santos basin, where preliminary estimates suggest an additional 5 to 8 billion barrels are located.

Prior to the opening of Rio Pipeline 2007, EDC sponsored a workshop entitled "Brazil-Canada: Opportunities and Partnerships in the Oil Pipeline Market." Organized jointly by the Consulate General of Canada in Rio, ONIP and the Rio de Janeiro Commercial Federation (FIRJAN) and Transpetro, Petrobras' subsidiary responsible for all oil & gas logistics and one of Latin America's biggest shipping companies. The event aimed to promote partnerships between Brazilian and Canadian companies within the pipeline sector.

Fernanda Custodio, EDC Regional Manager for Rio de Janeiro, noted that these conferences are essential to cultivating good relationships and identifying the capacities in both countries so that

business opportunities can be advanced, particularly between countries such as Brazil and Canada, who share so many similarities.

"Canada is one of the main world providers of expertise in the pipeline industry, and recognized by Petrobras as a key source of technology in this segment. Petrobras has an ambitious growth plan for its pipeline network. The company wishes to strengthen its relationship with Canada for that growth and welcomes Canadian exporters and investors in the Brazilian marketplace who wish to participate with Petrobras in its expansion process, in Brazil and eventually in other countries."

The workshop included presentations by 15 Canadian companies on their technologies and what they are looking for in terms of partnerships within the Brazilian pipeline market, to an audience composed of high-level Petrobras and Transpetro executives as well as several Brazilian companies with interests in the pipeline market.

Targeting the oil & gas pipeline industry, the bi-annual Rio Pipeline international conference and trade fair is one of the major pipeline events in the world, and the largest of its kind in Latin America. The objective is to share technological advances and operational experiences and introduce various global players that

operate within the pipeline industry including operation, construction, engineering, research and development, training and equipment suppliers.

The growth of ethanol production in Brazil and the expansion of the pipeline system for transportation of crude oil and gas were some of the central themes of the 2007 conference. According to Director of Transpetro, Marcelino Gomes, by 2015 approximately 30 per cent of ethanol produced in Brazil will be transported by pipeline.

Kyle Keith, of the Canadian Energy Pipeline Association (CEPA), which represents 97 per cent of all the crude oil and natural gas producers in Canada, explained that the growing demand for oil and gas is reason enough for investment in the sector, which shows the similarities between Brazil and Canada. "We both have large areas for exploration and production, an abundance of natural resources and a history of innovation."

Among the companies represented at the Canadian Pavilion were One Eye Industries, PipeSak, Unicontrol, BGC Engineering, QPS Photonics, Broadsword Corrosion Engineering, UT Quality, Canadian Petroleum Institute, Cyntech Corporation, Pure Technologies and Threetek. ■

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International Development Projects: Getting Your Foot in the Door

BY PETER DIEKMAYER

International infrastructure projects financed by multilateral development banks such as the World Bank, the Inter-American Development Bank, and the African Development Bank can be a source of lucrative opportunities. In this two-part series we look at why and how some Canadian companies are landing international development work, while others are missing the boat.

CBCL, a Canadian consulting engineering firm, got its start in international development projects by doing pre-feasibility work related to expanding Uganda's fisheries industry. While billions of dollars worth of infrastructure development contracts backed by multilateral development banks are awarded each year, pre-feasibility work generally comprises just a small portion, which too many businesses often overlook.

Suzanne Johnson, CBCL's international coordinator, says that that is a big mistake. "There are many misconceptions about international development work," says Johnson. "For example, although the prospect of landing large contracts is clearly enticing, companies can be far more effective if they bid on smaller jobs in fields in which they have a competitive advantage."

Johnson should know. CBCL has done development work in close to 85 countries, 50 of which involved projects linked to international financial institutions. Johnson's time at CBCL, as well as her previous experience working overseas with organizations such as the Canadian Armed Forces, the United Nations, the Red Cross and other NGOs has given her substantial insight into how to navigate the international infrastructure development procurement world.

For example, CBCL had previous experience working in African fisheries industry projects in both Tanzania and

Eritrea, and thus acquired skills and contacts that it can use in its Uganda initiative. "If you can complete a project more efficiently, then it will often be more profitable for you, even if the dollar amounts are smaller," says Johnson. "These projects are often very important to the countries in which they take place. But they also can provide substantial opportunities for Canadian companies that are willing to make the effort."

The developing world: Infrastructure opportunities abound

François Pagé, a senior advisor in the executive director's office at the World Bank agrees. "Canada does very well in landing these types of contracts, particularly in the consulting sector," says Pagé. "Every year we get the statistics and we are always either fourth or fifth among the G7 nations in terms of the dollar value of contracts landed."

International development work is big business. According to Pagé, the World Bank lent out close to \$26 billion last year, mostly through its subsidiaries, the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Of that, between \$6 billion and \$7 billion was stated for infrastructure initiatives such as water projects, urban development, waste disposal systems and transportation.

That said, learning where the opportunities are is not easy. For one, although

the development banks lend out money, they don't actually assign the contracts themselves. That is done by the country government or organization that is borrowing the funds. Companies that are interested in learning more about specific contracts that are tendered for projects backed by the World Bank can check out publications such as UN Development Business and The Development Gateway, where many of these initiatives are listed.

However, according to Pagé, insiders who know the rules have a big advantage. "If you wait until the projects are announced you are probably too late," says Pagé. "You need to find out which projects could come up that require your company's products or expertise before they are announced. That way, when they come up for bid, you are ready."

For World Bank sponsored initiatives, that involves deciding in which countries a firm is best suited to do work and then reading up on the World Bank Country Assistance Strategy, which details the types of projects that the Bank will be backing. "You need to have a long-term strategy," says Pagé. "These contracts almost all go out for competitive bidding so you cannot just walk in there and expect to get an order if you don't prepare."

The Inter-American Development Bank, which averages more than USD 6 billion per year in total lending, is another key player that companies should watch out for, says Laura Dorling, one of its senior counselors. As its name implies, the bank focuses exclusively on Latin American and Caribbean nations, which hold more than half of its shares. "We finance many large infrastructure projects in areas that Canadian companies are strong in such as energy and telecom," says Dorling.

According to Dorling, the Inter-American Development Bank works with host countries to define their priorities in order to help the country grow

CBCL finances many large infrastructure projects in areas where Canadian companies are strong, such as energy and telecom.

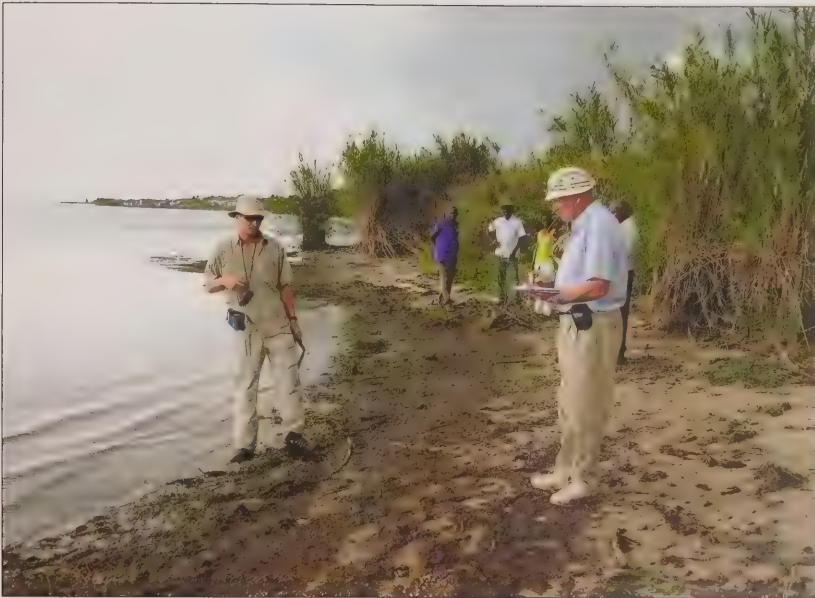


Photo: Courtesy of Suzanne Johnson

▲ Canadian consulting firm CBCL had previous experience in African fisheries industry projects in Tanzania and Eritrea, and were able to capitalize on the skills and contacts they gained, for the Uganda initiative.

economically and socially. Once the projects are identified, then pre-feasibility and feasibility studies, such as environmental assessments and financial forecasts are done. Then there is a tender or bidding process for the overall implementation of the development projects, which is managed by the executing agencies in the borrowing country.

However, Dorling says companies such as CBCL, which get in early, have a leg up, when the larger contracts are competed for. "If you get in while the project parameters are being set up, you will have sufficient lead time to build your team and to prepare the competitive bid that is needed if you want to be awarded work later on."

Canadian companies missing out?

Despite the wide range of development bank-sponsored international infrastructure

projects that go out for competitive bidding each year, not many Canadian companies are taking advantage of them, says one expert. "Some companies have done well, particularly engineering firms, consultants and companies that specialize in the environmental and water treatment fields," says Marie-Claude Erian, a Sector Advisor (Infrastructure and Environment) at Export Development Canada. "However, Canadian companies are letting many opportunities slip away."

There are many reasons for this. For one, in recent years Canadian construction companies have been reaping the benefits of a very strong domestic economy. Further-more, infrastructure players that have looked outside Canada's borders for growth are naturally drawn in by the close proximity of the huge American market, where demand has also been strong.

Other reasons cited by businesses and their reluctance to seek international work are the costs involved with preparing the bid, the lack of access to information regarding what projects are coming up, as well as concerns, particularly among Canadian SMEs, that such projects are too big.

But CBCL's Johnson remains optimistic. "I can understand why some people would be worried about stepping out and doing work in countries that are outside their normal comfort zone. But for those that do, it can really pay off," says Johnston. That was especially true in the case of CBCL's Uganda fisheries project.

As is often the case in large projects, after doing pre-feasibility work on the initiative, CBCL picked up the specialized expertise and formed important relationships with key local partners, and eventually the company was also hired to do work on the project's design, tendering and site supervision. "That's the way it often evolves," says Johnston. "You start small by completing contracts either as a technical advisor or study expert. But once you get your foot in the door you can then build from there." ■

In Part II we will discuss strategies that Canadian companies are adopting to win international infrastructure projects financed by multilateral development banks and will include an interview with the African Development Bank.

FOR MORE INFORMATION

The World Bank

www.worldbank.org/projects

www.worldbank.org/procurement

The Inter-American Development Bank

www.iadb.org/projects

www.iadb.org/procurement

www.iadb.org/biz

Focus on the United States: The South Central Region

BY DENNIS AND SANDI JONES



With strong growth, high levels of investment and an increasing population, the southern half of the United States is quickly becoming the country's major economic dynamo. That's especially true of the South Central region, made up of Arkansas, Kansas, Louisiana, Oklahoma and Texas; the overall growth rate in these states is running about 1 per cent above the U.S. national average, and shows no sign of slowing.

The South Central boom has been good for Canada's foreign trade. According to Statistics Canada, Canadian companies exported \$21.5 billion worth of products and commodities to the region in 2006, including petroleum, chemicals, vehicle parts, aircraft components, lumber, plastics and metal products. The lion's share of these exports – \$14.5 billion – went to Texas, which is by far the largest player in the region. It has two-thirds of the regional population of 38 million, and accounts for more than two-thirds of the regional economic output. The Dallas-Fort Worth Metroplex alone has 6.2 million people, making it the fourth-largest metropolitan area in the United States and Texas is home to 56 of the region's 69 Fortune 500 headquarters.

Size means diversity

Because of the region's size and economic importance, Canada maintains two consulates there, a Consulate General in Dallas and a Consulate in Houston. The Houston trade team covers the energy, environmental and ocean-industries sectors, while the Dallas team is responsible for everything else, including priority industries such as aerospace and defence, information technologies, food products, and construction and building products. In addition, the Dallas Consulate leads on investment promotion and technology partnering.

"The economy of the South Central region is very diverse," says Rod Johnson, Senior Trade Commissioner at the Dallas Consulate General. "Excluding oil and gas, the top sectors are aerospace, defence, security, transportation and logistics. Building products are also in high demand, and Canadian companies are making progress toward selling manufactured, panelized housing products into New Orleans and Houston. "Companies like Texas Instruments and Nortel are powerhouses in information and communications technology," he adds. "In aerospace, it's a similar story – Texas has Bell Helicopter and Lockheed Martin, and Kansas has so many major aircraft manufacturers that Wichita is known as the air capital of the world. We're also very strong in life sciences, and agri-food is becoming an important growth sector because of the expanding population."

Technology partnerships offer considerable potential, for example in the life sciences and in a new subsector called health information technologies, where computers and medicine intersect. "Texas is very strong in the health sciences," says Johnson, "including cancer and brain research, so there's a lot of scope for collaboration in these fields."

Such diversification means that the petroleum sector isn't as crucial to Texas' economy as it once was. Even so, the oil and gas industry still accounts for about 7 per cent of the region's economic output, and Houston is still the world's energy capital.

"The energy industry here is in a boom," says David McGregor, Canada's Head of Consulate in Houston. "The United States has always supplied a proportion of its own oil, and companies are now trying to bring in domestic sources that weren't economically viable a few years ago. They need new ways to upgrade their refineries and increase

The economy of the South Central region is very diverse including oil & gas, aerospace, defence, transportation and logistics.

their oil productivity, and they're very interested in the technologies that Canadian companies have developed in these areas."

Texas' ocean industries offer other lucrative opportunities. Marine transport requires services and technologies such as port management software and security systems, while support for the offshore oil and gas industry is another busy market. And there's a grassroots push in many municipalities for land, air and water cleanup, which points toward growth in the environmental remediation sector.

A sunny situation

The region offers not only plenty of sunshine but also a business-friendly environment. It has low labour costs, low taxes and low levels of unionization, and housing is relatively inexpensive, which helps attract skill and talent from regions where shelter costs are much higher. At the municipal and state levels there's a hands-off attitude toward policymaking, and existing policies tend to be "pro business." People take the views of the business community seriously, and see the local chamber of commerce as an important part of the community.

One of the biggest barriers to increasing our exports to the region, Johnson observes, is a self-imposed one. "Canadian businesses tend to overlook us in favour of nearer, better-known markets such as the Great Lakes states. This is unfortunate, since the South Central region has an economy the size of Canada's."

Some Canadian businesses are picking up the challenge. The Dallas consulate's trade team has been working with regional organizations in Texas and Louisiana to promote Canadian building products, and at least one substantial sale has already come out of this initiative; on the innovation side, in early 2007 the team helped bring Canadian delegations to a major New Orleans trade show on health

information technology. For its part, the Houston trade team has proven very successful in setting up energy-related showcases to help Canadian companies meet potential partners and customers.

Some Canadian firms have been active in the region for a long time. One of these is Pro-Bel Group, which has been active in the South Central region since the early 1990s. Founded in 1978, Pro-Bel is based in Ajax, Ontario and manufactures the specialized, suspended-access equipment that workers use when cleaning and maintaining the exteriors of high-rise buildings. It also provides the design and consulting services needed to install and use the company's equipment, and company experts sit on the international committees that write standards for the industry. The United States now accounts for 90 per cent of Pro-Bel's revenues, which the firm protects by using EDC's Accounts Receivables Insurance.

"Pro-Bel has done large projects in every major city across the United States," says David Street, the company's Senior Vice-President. "We've found that selling our equipment south of the border demands a national brand presence, which means face-to-face contact with our clients, so we've set up several corporate U.S. offices. In Dallas, we have what we call an alliance office – we operate out of premises provided by a subcontractor who installs our product, and we and the subcontractor work toward common goals."

To find new customers in the South Central region, Pro-Bel subscribes to a service that provides leads to new construction starts. "If a project meets our criteria," says Street, "we contact the architect and provide a free design service for installing our equipment on the building. Ideally, the architect will then specify this equipment in the building specifications when the job goes out for contractor bids. We see plenty of growth ahead in the United States, not

just in new high-rise construction but also in retrofitting existing buildings. Retrofitting, in fact, will probably exceed our new construction business by a factor of four."

If there's a major downside to the situation, it's the exchange rate. Pro-Bel has coped with the high Canadian dollar by increasing efficiency, trimming overheads and lowering manufacturing costs, and is shifting some of its production from Canada to the United States, where materials are cheaper. The company's swift U.S. growth has also helped offset the negative effects of the high dollar.

A warm welcome

Pro-Bel has shown how successful a Canadian exporter can be in the South Central market if it has the right product or service and follows a carefully thought-out strategy. "Be sure you form the right alliances," advises Street. "Keep a close eye on your bottom line, watch your raw-material costs and don't let your margins erode. Transfer a senior management person to the market so you can be there for your clients. And be prepared to travel."

And if you're just starting out? "Call our trade teams in Houston or Dallas," says Johnson. "We have specialists who know the region and its players. We can direct you to sources of information, contacts, events and all the other things that are going on down here. Once you start knocking on doors, you'll find a warm welcome." ■

WHO TO CONTACT

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www.can-am.gc.ca/dallas

Consulate of Canada in Houston
infocentre.houston@international.gc.ca
www.houston.gc.ca
www.pro-bel.ca

Message from the Chair

I was delighted when International Trade Minister David Emerson asked me to Chair EDC. Who could pass up the offer to lead the Board of one of the finest export credit organizations in the world? Not me.

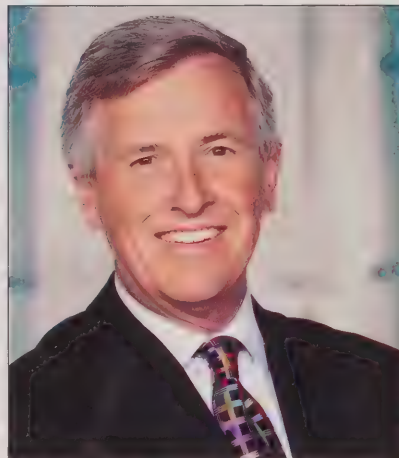
The trade world is a familiar one for me as I have worked for companies actively engaged in international investments and exports; I know the importance of selling into global markets. I'm a westerner and Canada's west is where we produce oil, petrochemicals, beef and grains, GPS and other ICT products, and finished wood products, among other things. But we produce far more than Canadians can consume, so exporting and investing abroad are the lifeblood of the Canadian economy.

And in my first few months on the job, I've seen the vital role EDC plays in Canada's dynamic export and investment activity. The scope and the breadth of EDC's activities, particularly its support for Canadian direct investment abroad and its equity investment program, reveal an innovative organization well adapted to global trade realities.

EDC has established itself as a highly effective resource for Canadian businesses. My fellow Directors and I work hard to ensure that EDC's Executive and senior management benefit from our governance oversight and support as they try to meet the needs and demands of Canadian companies doing business outside of our country.

Given the ambitious plan set forth by EDC's management, and with the full support of the shareholder, I believe that the annual volume of exports and investments facilitated by EDC will surpass \$100 billion over the next four years. That's a big stretch target, but I'm convinced that Canadian exporters and investors – and EDC – are up to the task.

EDC is Export Development Canada so it has a vital development role to play in working with Canada's next generation of exporters. That's a top priority for our Directors. My hope is that during my tenure as Chair, EDC, partnering with private and public players in Canada and abroad, will grow and develop Canada's trade as a vital turbo-charger in the Canadian economy.



Jim Dinning,
Chair of the Board of Directors

Photo: Mathieson & Hewitt Photographers

Jim Dinning was appointed Chair of EDC's Board of Directors in June of 2007. Announcing the appointment, Minister of International Trade David Emerson said, "Jim Dinning brings extensive experience in both the public and private sectors. His leadership will be a key asset to EDC as it works to help more Canadian companies to capitalize on business opportunities abroad."

Jim Dinning was a member of the Legislative Assembly of Alberta from 1986 to 1997. During this period, he served in a variety of key positions in the provincial government, including Minister of Education (1988-1992) and Provincial Treasurer (1992-1997). Mr. Dinning also has extensive experience in the private sector as a senior executive and as chair and director of a number of multinational and export-oriented Canadian companies. He also serves as a director of not-for-profit organizations devoted to enhancing public policy and promoting strong communities. ■

Free Trade Poorly Understood – Still

Twenty years after signing the Canada-U.S. Free Trade Agreement, many Canadians still wonder whether it has been a good thing for Canada. A key reason is that few seem to understand what the benefits of free trade are supposed to look like.

BY STEPHEN S. POLOZ



Stephen Poloz,
Senior Vice-President, Corporate Affairs and Chief Economist

One would think that by now there would be a consensus about whether the Canada-U.S. Free Trade Agreement has been good or bad for Canada, but there is not. As a consequence, every new free trade initiative is subjected to the same old debates.

Economists must share the blame for this. Trade policy is a very complex subject, and is almost always two-handed. Trade liberalization entails removing tariffs, exposing domestic industries to foreign competition. It also exposes foreign industries to competition from domestic companies. Because every country has its own natural comparative advantages, the more two economies differ the more they both will benefit from unrestricted trade, but there are a lot of moving parts to analyze.

Exposing companies to foreign competition means that some win, and some lose, on both sides of the border. Winners increase production, and export more, while losers retrench or disappear, and export less. The domestic economy may stop producing certain things altogether, importing them instead, and the same thing can happen to the foreign economy. Employment rises in some industries, falls in others; wages rise in strengthening industries, decline in others. The

domestic bilateral trade balance could move toward surplus, or toward deficit, while the trade balance of the other country does the opposite – indeed, the bilateral trade balance is useless as a measure of net benefit.

Viewing the matter from this traditional winner/loser perspective, then, usually produces vigorous debate and little else, because it appears impossible for every company and every worker to benefit. But such a simple analysis misses some of the most important benefits of free trade.

First, winning companies on both sides of the border specialize more, achieve greater economies of scale and boost productivity. That means higher-paying jobs, and greater job security, at least in some sectors, and higher long-term economic growth, which benefits the entire economy.

Second, some of the biggest benefits from free trade come not from higher exports but from increased imports. The removal of tariffs means that consumers can buy imported goods for less money, and the leftover purchasing power then creates a wide range of positive domestic spin-offs. For example, lower prices for imported food mean that the household grocery budget goes further, so

people eat out more, creating new jobs in domestic restaurants. Such broad-based purchasing power effects can reach into every pocket of the domestic economy, creating new jobs in every non-export sector, yet by their very nature are impossible to trace back to free trade.

Third, we must compare the situation today not to what it looked like before free trade, but to how it would have evolved in the absence of free trade, a much more demanding task. Would Canada still have privileged access to U.S. markets in the absence of the FTA? Would other countries have negotiated even closer relationships with the U.S.? We simply don't know, but that does not mean we can assume that the pre-free trade status quo would have persisted.

The bottom line? Despite the analytical challenges, the economics literature generally supports the view that free trade is mutually beneficial. The world is so complex that it will always seem like a leap of faith to sign on the dotted line, but our confidence in the benefits of free trade should continue to grow through time. ■

Stephen Poloz is EDC's Senior Vice-President, Corporate Affairs and Chief Economist. He can be reached at spoloz@edc.ca.



EDC Toolkit

EDC offers a wide range of trade finance solutions to Canadian companies and their customers abroad. The following summary is intended to act as a guide. Visit us online at www.edc.ca or call a small business representative at 1-888-332-9398, weekdays, 8 a.m. to 6 p.m. EST.

Insurance

Are you sure your U.S. or foreign customer will pay?

Don't risk it. Get EDC Accounts Receivable Insurance and we'll cover up to 90 per cent of your losses if your customer doesn't pay.

Do you know what the future holds for your investments abroad?

Use EDC Political Risk Insurance and protect your investments abroad from unforeseen political and economic upheaval. We'll cover up to 90 per cent of your losses.

What if my buyer calls my bond even though I didn't do anything wrong?

Protect yourself with EDC Performance Security Insurance which covers 95 per cent of your losses on a wrongful call or a call resulting from events outside your control, such as war.

For information on these and other insurance products, visit www.edc.ca/insurance.

Financing

Are your shipments getting delayed at the U.S. border for security reasons?

If you ship to the United States, you need to understand how the Customs-Trade Partnership Against Terrorism (C-TPAT) can affect your business. EDC has developed a loan program to help Canadian companies fund the costs of upgrading their security to become C-TPAT compliant.

Want to turn your export sale into a cash sale?

EDC offers a range of financing solutions for foreign buyers of Canadian capital goods and related services. Generally, our financing solutions provide one- to 10-year coverage for up to 85 per cent of the value of your sale.

EDC also has pre-arranged Lines of Credit with foreign banks, institutions, and purchasers under which foreign customers can borrow the necessary funds to purchase Canadian capital goods and services.

In partnership with Northstar Trade Finance, EDC can also provide fast and efficient medium-term foreign buyer financing for smaller capital goods export transactions. www.northstar.ca.

For information on these and other financing products, visit www.edc.ca/financing.

Working Capital

Could you use more working capital?

With EDC Master Accounts Receivable Guarantee, smaller exporters can obtain up to \$500,000 in additional working capital from their bank by guaranteeing their operating line with their secured foreign accounts receivable.

Need money to get your export contract out the door?

EDC provides Pre-shipment Financing to help smaller exporters finance their export sales. EDC will guarantee up to 75 per cent of a loan made by a financial institution to an exporter, to fund pre-shipment costs necessary to complete an export contract.

Do you need protection against currency fluctuations?

Do you purchase forward contracts from a financial institution to protect your cash flow against currency fluctuations? EDC's Foreign Exchange Facility Guarantee (FXG) can help. FXG frees up your working capital by foregoing a financial institution's requirement to put up to 15 per cent collateral on forward contracts. With FXG, you can pay your suppliers up front without fear of losing money due to currency fluctuations.

For information on these and other working capital solutions, visit www.edc.ca/wcs.

Bonding

What if my buyer demands a bond?

You can get bonds issued by either your bank (standby letters of credit or letters of guarantee) or a surety company (surety bonds). EDC can help you get those bonds by issuing a guarantee to your bank or by providing up to 100 per cent reinsurance to your surety company.

For information on these and other working capital solutions, visit www.edc.ca/bonding.

Online Services

Will your customer pay?

Get a credit profile for as little as \$30 with EXPORTCheck. We have more than 100 million companies in our database. www.edc.ca/exportcheck

Want to export with peace of mind?

Give your foreign customer time to pay and protect against non-payment with EDC's EXPORTProtect. Quick. Secure. Affordable. www.edc.ca/exportprotect

Looking for information on export finance?

The EXPORTFinanceGuide centralizes information about the financing tools and services available for Canadian exporters at various stages of the transaction cycle. www.edc.ca/efg

Want some market insight that will actually help you make a decision?

Check out EDC's Country Information – economic reports that monitor political and economic events and gauge opportunities in more than 200 markets. www.edc.ca/e-reports

Online Solutions Advisor

EDC's Online Solutions Advisor gives you fast and convenient access to information about which of our solutions may help you. Take a few minutes to answer questions about your export status, and get a diagnostic summary outlining potential EDC solutions available for your exporting needs. www.edc.ca/advisor

Are you ready to enter the export market?

Test your readiness by completing EXPORTable?, an online questionnaire to help you prepare for your entry into foreign markets. www.edc.ca/exportable

Do you need to make a claim?

EDC has an online tool called eExpress Claims that Accounts Receivable Insurance customers can use to file claims up to \$5,000. To access this tool, register with EDC Direct, the customer-only section of EDC's website, by calling your underwriter or the EDC Help Desk at 1-888-649-8287 weekdays from 8 a.m. to 6 p.m. EST. For claims above \$5,000 and general claims information, call one of EDC's Claims Services Managers at 1-866-638-7946 or visit us at www.edc.ca/claims.

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Canada



From the Editor

Michael Toope,
Editor
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EDC International Business Scholarships

On November 29, 2007, EDC launched its new International Business Scholarship Program offering 30 scholarships to undergraduate university students from across the country as part of its Education & Youth Employment (EYE) Strategy.

The scholarship program is part of EDC's effort to grow Canada's trade competencies and underline the importance of international trade among Canada's future business leaders. Now open to a national audience, the program allows students from all universities across Canada to participate. Along with the \$3,000 scholarship award comes the possibility of an invaluable work experience at EDC head office in Ottawa.

An important new development to the 2007-2008 program, is the earmarking of five new scholarships for undergraduates involved in combined studies in business and the environment. By adding a sustainable management component to our scholarship program, EDC will be helping to build Canada's future capacity to engage in international trade in an environmentally responsible manner. This

investment in tomorrow's trade leaders follows EDC's ambition to assume a leadership position among export credit agencies in innovation and corporate social responsibility.

What's coming up in the Spring Edition

In our next issue, *ExportWise* takes a look at opportunities for Canadian suppliers around the world from the perspective of a foreign buyer. We speak to Indian conglomerate Larsen & Toubro Limited about their procurement strategy and the experiences of some of their Canadian suppliers. We also take a look at non-residential construction opportunities in the United States.

The spring issue will also feature Part 2 of our series on how to bid on international contracts tendered by development banks. Many of these projects match up well with Canadian engineering expertise and are worth billions of dollars to the winners. Part 2 gives more information to qualified Canadian companies of the types of projects that are tendered, how to go about bidding and winning and how EDC risk mitigation services can add value to the process. ■

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Trade Resources

A list of associations and government agencies dedicated to helping Canadian businesses succeed.



Federal Government Agencies

Business Development Bank of Canada (BDC):

www.bdc.ca

BDC plays a leadership role in delivering financial, investment and consulting services to Canadian small businesses, with a particular focus on the technology and export sectors of the economy.

Canada Business:

www.cbsc.org

Canada Business reduces the complexity of dealing with various levels of government by serving as a single point of access for federal and provincial/territorial government services, programs and regulatory requirements.

Canadian Commercial Corporation (CCC):

www.ccc.ca

The CCC serves as an effective Canadian trade instrument, bringing buyers and sellers together and closing successful export contracts on the best possible terms and conditions.

Canadian Consular Affairs Bureau:

www.voyage.gc.ca

The Consular Affairs Bureau provides information and assistance services to Canadians living and travelling abroad.

Foreign Affairs and International Trade Canada:

www.international.gc.ca

DFAIT supports Canadians abroad; helps Canadian companies succeed in global markets; promotes Canada's culture and values; and works to build a more peaceful and secure world.

Team Canada Inc.:

www.exportsource.ca

Team Canada Inc's website is Canada's most comprehensive source of information and practical tools for new or experienced exporters.

Provincial Government Agencies

ALBERTA

Trade Team Alberta:

www.alberta-canada.com/tta

TTA is a partnership of the Governments of Canada and Alberta, working to enhance international business opportunities for Albertans.

MANITOBA

MTI: Manitoba Trade and Investment:

www.gov.mb.ca/trade

MTI's mission is to help build the Manitoba economy through increased exports and by attracting and retaining foreign direct investment.

NEW BRUNSWICK

Business New Brunswick – Export Development Branch:

www.gnb.ca/0398/export/index-e.asp

Business New Brunswick's Export Development Branch specializes in counselling and other services to export-ready companies and existing exporters.

NEWFOUNDLAND AND LABRADOR

www.gov.nf.ca/doingbusiness

A gateway to online information for business, start-up, operations, relocating to the province, investments and exporting.

NOVA SCOTIA

Nova Scotia Business Inc.:

www.novascotiabusiness.com

NSBI offers many export development programs and services for small- to medium-sized businesses and local exporters entering new markets.

ONTARIO

International Trade Development:

www.ontarioexportsinc.com

The International Trade Branch of the Investment and Trade Division helps Ontario firms grow, prosper and create jobs through international trade.

PRINCE EDWARD ISLAND

PEI Business Development:

www.peibusinessdevelopment.com

The Trade, Marketing and Communications Division is responsible for the identification and pursuit of trade and export opportunities for Prince Edward Island business.

QUEBEC

Services for businesses:

www.entreprises.gouv.qc.ca

Information for investors, immigrants, entrepreneurs and future exporters of Quebec.

Investissement Québec:

www.investquebec.com/en

Its financing products work for companies, cooperative businesses and non-profit organizations from start-up, expansion, export, R&D activities, merger and acquisition.

SASKATCHEWAN

STEP: Saskatchewan Trade & Export Partnership:

www.sasktrade.sk.ca

STEP was created to provide trade development, custom market research and access to export financing for exporters in the province.

Contacts

Companies with total annual sales of up to \$5 million can call EDC's team of small business specialists at
1-888-332-9398.

Companies with total annual sales of more than \$5 million can call the nearest EDC regional office at
1-888-332-3777.

Associations

Canadian Manufacturers and Exporters:

www.cme-mec.ca

Canada's largest trade and industry association, CME promotes the continuous improvement of Canadian manufacturing and exporting through engagement of government at all levels.

Canadian Chamber of Commerce:

www.chamber.ca

As the national leader in public policy advocacy on business issues, the Canadian Chamber of Commerce's mission is to foster a strong, competitive, and profitable economic environment that benefits not only business, but all Canadians.

Canadian Federation of Independent Business:

www.cfib.ca

CFIB has been a big voice for small business for 35 years with 105,000+ members nationwide in every sector.

Contact trade commissioners in the United States and in 140 other offices around the world thanks to the Virtual Trade Commissioner! This useful tool provides you with direct access to the Trade Commissioner Service, as well as its partners' services, including EDC. To register, please visit www.infoexport.gc.ca.

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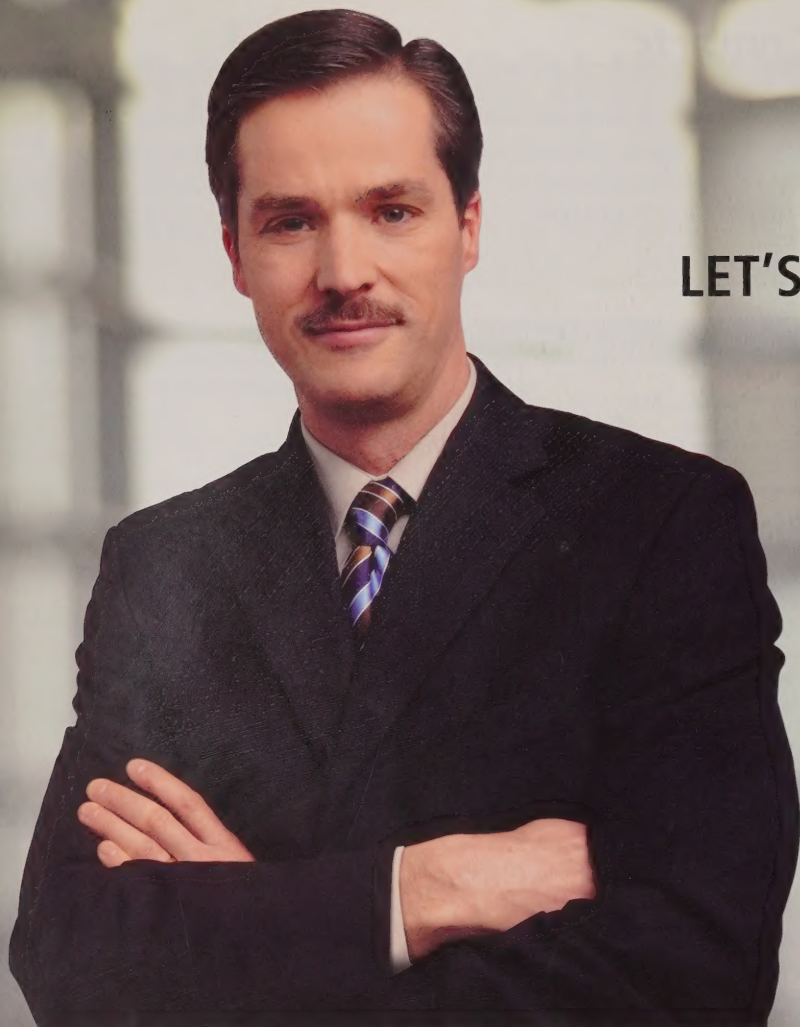
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LET'S TALK EXPORTS

Peter Hall,
Vice-President and
Deputy Chief Economist

Let's Talk Exports is an annual, cross-Canada tour designed to provide you with the most up-to-date information available on the global economy and its implications for Canadian trade and investment opportunities. EDC hosts these events to share our in-depth knowledge with Canadian exporters and investors to help them succeed in the global marketplace. Don't make critical business decisions without attending one of these events.

This year, EDC is pleased to present Peter Hall, Vice-President and Deputy Chief Economist, who will discuss the latest developments in the global economy, including Canada's export outlook, interest rates and the dollar, and export strategies to help Canadian companies minimize risk.

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